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# SAN FRANCISCO PORT COMMISSION

## MINUTES

Meeting of January 13, 1982 Next Meeting: Jan. 27, 1982

The regular meeting of the San Francisco Port Commission was called to order at 10:05 a.m. by President Gartland. In attendance:

PRESENT: Commissioners Bridges, Coleman, Gartland, Morrison, Rudden

ABSENT: None

ALSO PRESENT: Executive Director Edward L. David
Director Thomas Yerkes, Finance & Admin
Director Anthony Taormina, Planning & Research
Director Ronald Stone, Maritime Affairs

Mr. David requested approval of the regular minutes of the meeting of December 9, 1981 and further, requested approval of the amended minutes of the meeting of November 18, 1981. Minutes for both meetings were unanimously approved. In deference to Commissioner Morrison's request, Items 3c and 6 were deferred for consideration until his arrival.

Mr. David reported the selection as bond counsel the firm of Manatt, Phelps, Rothenberg & Tunney and as financial advisors, the firm of Lehman Bros. Commissioner Coleman who had participated in the meetings with the prospective financial houses reiterated his support of both choices, and moved to approve. Motion was unanimous.

Finance & Administration - Mr. Yerkes reported a decline in rental revenues to Port as reflected in the sales and revenue report for November of just under 3 percent. He then stated that the report on fiscal year 1980-81 would be available within the week and the Commission would be provided copies of the financial report. Port's revenues were just over $24 million, Port's expenses $19 million, leaving the Port with a net income of $5 million, revenues increased 15.6 percent, while net income increased 32.2 percent.

Mr. Yerkes requested approval of refunds and allowances in the amount of $30,760.54 and it was so moved, and seconded.

Approval of lease amendment no. 1 for SWL Lot 321 to provide a 40% ceiling for the specified annual cost of living increase (over 5 years) as stipulated was moved by Comm. Rudden, seconded by Comm. Coleman, and passed unanimously.

Personal service contracts in the amounts of $30,000 and $20,000 were approved with Touche Ross & Co. for the audit of Percentage Rental Agreements and Internal System Review by motion of Commissioner Coleman seconded by Commissioner Rudden.

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Mr. Yerkes detailed the following target dates as important to staff and the Commission relative to the Port budget for 1983:

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| January 29 | - any major policy change affecting Port budget for submission to Mayor |
| February 24 | - Budgets submitted to Commission for review |
| April 15 | - Controller submission to Mayor |
| June 1 | - Mayor sends to Board of Supervisors |
| June 30 | - Internal appropriation ordinance effective allowing Port to operate until final budget is approved on August 1 by Board. |

For Commission purposes, staff will present the budget on the second meeting of February for review and approval. Commissioner Coleman requested the schedule of dates be forwarded to the Commission.

Commercial Property - Mr. Ashe presented license and lease nos. 10558-10563 for review; approval was granted by motion of Commissioner Coleman, seconded by Commissioner Bridges.

Planning and Engineering - Mr. Kiisk, Chief Harbor Engineer, requested approval of modification no. 12 to Pier 35 passenger terminal contract in the amount of $40,000, and this was moved by Commissioner Coleman, seconded by Commissioner Rudden.

Modification of standard agreement no. 1152 with Gordon Chong & Associates in the amount of $28,000 to cover additional work was requested and approved by motion of Commissioner Coleman, seconded by Commissioner Bridges.

Maritime - Mr. David sought authority from the Commission to negotiate for purchase of an additional container crane for use at Pier 80; discussion followed by the Board, and it was an unanimous vote by the Commission to permit negotiation for this purchase. Mr. David will return to the Board with a full recommendation at the January 27 meeting.

Commission meeting withdrew to executive session at 10:35 a.m.

The meeting reconvened at 10:45 a.m. With the attendance of all the Commissioners, Pres. Gartland stated that item 6 - Fisherman's Wharf parking lot operation would now be considered.. Mr. Yerkes asked Commission to approve the following: a) proposals be submitted by all interested parties prior to Monday, January 25 to operate the parking lot at a rent to the Port of $252,926; the operator to pay all expenses to operate the facility, including validation of parking; term will be April 1, 1982 to March 31, 1983; and cancellable by Port on thirty days' notice; any unamortized costs for set-up for booths, tickets, signs, etc. would be reimbursed by Port, if cancelled within one year; all rates, including tenant-validation rates will be subject for Commission review.

All profit, over and above operating expenses, will be used to lower the validation rate; Port will have the right to audit the operator's books(quarterly statements would have to be submitted by the operator). Expenses must be reasonable, unreasonable expenses will be sufficient grounds for cancellation. Included in this proposal must be plan for hours of operation, days of the week, traffic flow, exit gates, etc.

Discussion followed. Comm. Morrison inquired why staff deviated from the original requirement of a minimum rental plus a deductible from a percentage; Mr. Yerkes stated that Port's interest was primarily to lower the parking rates to the extent the operation allows as opposed to increasing revenues to the Port from the parking lot. Comm. Morrison reiterated that it was his interest to move the Port along in achieving the Action plan for Fisherman's Wharf and he asked what would be done in the next year towards achieving that Plan. Mr. Yerkes stated the plan currently calls for the embellishment of the lot into a plaza to be used both in the tourist and non-tourist season as need demanded. Comm. Morrison also queried Mr. Yerkes if he were confident that using a management fee and other provisions as outlined would allow us to lower the rates. The City Charter enjoins us to achieve the maximum profit from our leases and Mr. Yerkes replied that it would be his justification that the Port will obtain higher revenue from our restaurant percentages as a result of improving the parking situation.

Following discussion, Commissioner Coleman made a motion to approve. Prior to further action on this motion, testimony by interested parties was invited. Mr. Stephen Leonoudakis, counsel for Golden Gate Parking Co., current operator of the parking lot, next addressed the Commission. Mr. Leonoudakis questioned the validity of a test whether lower parking rates would increase restaurant sales. He stated that he could show several restaurants who are Port tenants who charge no fee at all for parking. It is his contention that this issue should be handled as a public, competitive call for bid, with a set rate structure. He further suggested that the Port should consider putting all its available parking in one package and advertise nationwide for parking operators to compete.

Mr. Darrell Salomon, representing seven restaurants in the Fisherman's Wharf, next addressed the Commission, expressing his concern over the current operation of the lot. He stated that his clients would submit a proposal to operate the facility in hopes of generating greater revenue.

Pres. Gartland stated that staff would take proposals on this matter, make recommendations to the Commission, and in accordance with the best interests of the Port, a decision will be made. The right to reject any proposal is reserved by the Commission.

Mr. Taormina presented the proposed Seaport Plan findings, policies and recommendations which with the Commission's approval will be submitted to the Seaport Policy Advisory Committee for consideration and adoption. Commissioner Morrison stated further that this proposal that we have before us will go to BCDC and MTC, and once adopted, they as official planning bodies for seaports, will use these standards to authorize new construction.

Pres. Gartland inquired about the impact such a proposal would have on user fee legislation. Mr. David replied that it was his opinion that having a national users' fee would mean all U.S. ports would assess their cargo on a tonnage basis to collect this fee to carry out the dredging projects for the entire port system in the United States. San Francisco is opposed to this and the Commission is on record opposing a national users' fee.

It was moved and seconded to submit these recommendations to the Seaport Policy Advisory Committee for consideration.

Mr. Taormina, Director for Planning and Research, presented a proposed master plan for the Southern Waterfront to the Commission, illustrating a plan to double container ship capacity with two new berths adjoining India Basin piers by 1988. The cost for this improvement along the 7-mile waterfront initially would require a revenue bond issue of about $50 million as well as 9.3 acres of new fill in the Bay.

Commissioner Morrison commended staff for an excellent job indicating it was important that an informational presentation be made before the Planning Commission and the Board of Supervisors.

The Commission set the date of the next regular meeting January 27 for a public hearing on the plan's three phases.

Commissioner Coleman commented that in view of the number of projects, both contemplated and on-going, there might be some thought given to the use of a management-construction consultant to oversee all these diverse projects. Mr. David replied that staff is aware of and appreciative of the need to monitor each project carefully. Pres. Gartland reinforced Commissioner Coleman's support of staff, suggesting that should additional staff or implementation be needed, Mr. David should so indicate to the Commission.

Mr. David requested the Commission adjourn the meeting in the memory of Mr. Donald Taggert, Director of Public Relations, for the Port for fifteen years, who died on January 10, 1982. Pres. Gartland adjourned the meeting in his memory at 1:35 p.m.

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# SAN FRANCISCO PORT COMMISSION

## MINUTES

Meeting of:
January 27, 1982

Next Meeting:
February 10, 1982

The regular meeting of the San Francisco Port Commission was called to order at 10:05 a.m. by President Gartland.

PRESENT: Commissioners Gartland, Rudden, Bridges, Morrison and Coleman

ABSENT: Edward L. David, Port Director

ALSO PRESENT: Anthony J. Taormina, Director, Planning & Research
Thomas K. Yerkes, Director, Finance & Administration
Ronald Stone, Director, Maritime Affairs
Vello Kiisk, Chief Harbor Engineer
Matthew Ashe, Property Manager
Barbara Goen, Project Manager, Fisherman's Wharf Development
Diane Hermann, Deputy City Attorney

Mr. Taormina requested approval of the minutes of the regular meeting of January 13, 1982. Commissioner Bridges moved approval and it was unanimously approved.

Executive Director's Report - Mr. Taormina reported that Mr. David was attending a meeting in New Orleans regarding user fees with the American Association of Port Authorities and Mr. David will report the findings at the next Commission meeting.

In response to Commissioner Coleman's concern at the last meeting as to how staff will organize the many programs which are now underway at the Port and whether or not we will need outside assistance, Mr. Taormina stated that the first step will be to provide the Commission on a monthly basis a schedule of projects which are currently underway, along with target dates. In this way, the Commission can be kept informed as to how we are proceeding towards these projects and meeting the established target dates.

Finance and Administration Report - Mr. Yerkes reported that Mr. Lee Barba and Mr. Andy Chapman, our financial advisors representing Lehman Bros., are now in the process of evaluating what the Port's debt capacity is so we can go forward with our capital project.

Commercial Property - Pursuant to the Commission's concern about the work overload of Port staff, Mr. Ashe announced a new addition to the Commercial Property Department staff and introduced Ms. Barbara Wohl who has had an impeccable background in real estate and seven years of experience in City government, including the Assessor's Office

and Wastewater Management; Ms. Wohl was welcomed by the Commission.

Mr. Ashe then requested approval of license and lease nos. L-10564 - 10567 and pointed out a typographical error for license #10566, Pearl Cruises, stating that the amount should read $22,000 instead of $2,200. Commissioner Coleman moved approval, seconded by Commissioner Rudden and was unanimously approved.

Ms. Goen requested approval of the lease assignment for the Tarantino Fish Co. Lease L-9172. After assuring the Commission that this assignment would have no effect on the overall Fisherman's Wharf project since the property would continue to be used for wholesale fish processing as specified in the lease, Commissioner Bridges moved approval, seconded by Commissioner Rudden and was unanimously approved.

Mr. Yerkes requested approval to award the bid for operation of the Fisherman's Wharf parking lot and to authorize staff to negotiate a 30-day license. He reported that three bids were received: Golden Gate Parking Co., Fisherman's Wharf Restaurant Association, and Clyde Clingingsmith and Alvin Lambert, and that staff recommends the proposal from the Fisherman's Wharf Restaurant Association because it was the only one in complete conformity with the proposal specifications.

Commissioner Morrison then inquired as to who would operate the lot for the Restaurant Association. Mr. Darrell Salomon, legal counsel for the Association, replied that the Association plans to hire as manager the present supervising manager of the Alioto lot who is very experienced in operating parking lots and they have also contracted with a parking consultant, Mr. Frank Carroll, to advise them. Thus he assured the Commission that the lot would be in competent hands. Mr. Yerkes later stated he would monitor the operation for the first few months.

Commissioner Bridges inquired whether only non-union employees would be hired for the operation of this lot. Mr. Salomon assured him that the restaurants in the area are committed to the principle of good trade union relations but could not give him a direct answer at this time because he had not as yet conferred with his client on this issue.

Commissioner Morrison inquired as to the use of excess income to lower the parking rates for the patrons. Mr. Yerkes replied that part of the license agreement will include that the operator submit a quarterly operating statement and if it shows excess profits from operations for that quarter, the next quarter's rates will be reduced to reflect the amount of money the operator has made over and above the highest profit.

Discussion followed as to the correct non-validated parking rates which will be charged by the Restaurant Association. After further review, it was finally established that the rates as submitted in the Association's proposal were correct, that is: $1.50 for the first hour, $.75 for each additional hour, with a $5.25 maximum. Validated parking rates would be: $1.00 per hour with a two-hour maximum. Mr. Salomon stated that these rates match the present rates at the Franciscan lot which is what their consultant had advised them to do. He further stated that the validated rate of $1.00 per hour would eventually be lowered.

Commissioner Morrison then made a motion that, if the award of the license were to be made today, the written agreement first be submitted to the Commission for approval prior to its execution and that on a quarterly basis the figures for the parking rates be brought back to the Commission for review prior to the Commission meetings. President Gartland seconded the motion and was thereby approved.

Mr. Stephan Leonoudakis, legal counsel for Golden Gate Parking Co., spoke on their behalf and urged the Commission to give them reconsideration before adopting the Fisherman's Wharf Restaurant Association's proposal.

Ernie Yates, representing the Guardsmen's Union, stated that when the bids were put together the union was never contacted and was concerned as to how a responsible bid could have been developed if noone knew what the union contract was. Thus he was concerned that some of the restaurants might go non-union. Commissioner Gartland assured Mr. Yates that the Commission would not sign any contract until they were fully satisfied.

After stating that this license was in fact only experimental and cancellable within 30 days, Commissioner Coleman moved to proceed with the recommendations of staff to negotiate with the Fisherman's Wharf Restaurant Association, Commissioner Morrison seconded and was unanimously approved.

Planning, Engineering and Maintenance - Mr. Kiisk requested approval of Modification #2 to the Fisherman's Wharf Pavilion contract in the amount of $13,763. Commissioner Morrison moved approval and was unanimously approved.

Mr. Taormina requested approval to commence the preliminary engineering design report and environmental evaluation for the Fisherman's Wharf Action Plan program in an amount not to exceed $367,500. Commissioner Morrison moved approval, seconded by Commissioner Bridges and was unanimously approved.

Mr. Taormina further requested approval to adopt the Maritime Master Plan for the southern waterfront and to incorporate it into the City Master Plan. A public hearing followed.

John Burke, of United Transportation Union representing Southern Pacific Local Engineers and Firemen, noted that in the Mission Rock plan there is an area designated as Southern Pacific yards.

He inquired as to what extent the Port's plans relied on the cooperation of Southern Pacific, since S.P. has given every indication of closing these yards and has made efforts to reduce their commitment to rail freight terminal service, specifically in the San Francisco area.

Mr. Taormina replied that there is a plan to develop an on-dock rail facility which would enable trains to come directly into the facility. Thus direct rail service could be accomplished even if the Mission Bay yard is closed completely.

Commissioner Coleman then restated his concern from the last meeting about the magnitude of the projects the Port has become involved in and the relatively small size of the staff. He suggested some system be established which would monitor these projects and make certain there is proper follow-up so they can be brought to fruition. Commissioner Gartland reiterated his concern and requested that staff bring back a report on this matter.

Mr. Taormina replied this would be addressed in the 1982-83 budget and that staff would report back to the Commission in about 30 days.

Commissioner Morrison moved approval, seconded by Commissioner Bridges and was unanimously approved.

There being no further business, the meeting was adjourned at 11:18 a.m.

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# SAN FRANCISCO PORT COMMISSION

## MINUTES

Meeting of: February 10, 1982 Next Meeting: February 24, 1982

The regular meeting of the San Francisco Port Commission was called to order by Vice Pres. Coleman at 10:05 a.m. on behalf of Pres. Cartland who was not able to attend.

PRESENT: Commissioners Bridges, Coleman, Morrison, Rudden

ABSENT: President Cartland

ALSO PRESENT: Edward L. David, Executive Director
Anthony J. Taormina, Director, Planning & Research
Thomas Yerkes, Director, Finance & Administration
Ronald Stone, Director, Maritime

Commissioner Coleman asked for approval of the minutes of the meeting of January 27, 1982 - it was so moved to approve the minutes unanimously. Mr. Stone next introduced two new staff members, Mr. Gary Green and Mr. Robert Ness, to the Commission. Commissioner Coleman on behalf of the Commission welcomed Mr. Green and Mr. Ness to the ranks of the marketing department of the Port.

Mr. Yerkes requested approval of refunds and allowances in the amount of $21,026; it wa so moved by Comm. Morrison, seconded by Comm. Bridges.

Under Item 4(b) Mr. Yerkes asked the Commission to authorize him to establish the mechanism to purchase a container crane for the Port, and direct staff to request a supplemental appropriation from the Board of Supervisors, for not to exceed 4.5 million dollars. Motion was made by Comm. Rudden, seconded by Commissioner Morrison, and passed unanimously.

Mr. Yerkes presented two reports to the Commission, the 60-90 Day accounts receivable report, and the sales and rental revenue report for December 1981. Additionally, Mr. Yerkes stated that in response to the Commission's request, he has prepared for the end of six months both an income statement and a cost center report (which was then distributed to the Commission). Mr. Yerkes indicated that the income statement would be on a quarterly basis; the cost center report would be provided on a monthly basis.

Commercial Property - Mr. Ashe, Property Manager, requested approval of two license and lease nos. 10568-10569; it was so moved by Commissioner Morrison, seconded by Commissioner Rudden, and passed unanimously.

Mr. Ashe next requested approval of a resolution approving three-year lease with Harbor Tug & Barge at Pier 45. Commissioner Morrison inquired whether approval of this lease would adversely affect Port's development of Pier 45, and he was assured that it would not. It was then moved by Commissioner Bridges, seconded by Commissioner Morrison, and passed unanimously.

Planning - Mr. Kiisk, Chief Engineer, requested approval of two additional modifications to the Pier 35 passenger terminal contract which is slated for completion at the end of March. Dedication ceremonies are tentatively scheduled for late March or early April. It was so moved by Commissioner Bridges, seconded by Commissioner Rudden, and passed unanimously.

Mr. Taormina requested approval of the Commission for staff to undertake preliminary engineering for the Pier 94-96 expansion program. He named the following firms - Harding & Lawson, Soil Engineers; Vickerman, Zachary & Miller, Construction Engineers; and Lee Saylor, construction estimator. The estimated cost of this engineering feasibility and conceptual report is $275,000. Mr. Kiisk, Chief Harbour Engineer, was called on to outline the work program schedule for Phase I of the container terminal expansion. Commissioner Morrison inquired when the Environmental Impact Report would be completed. Mr. Taormina responded that Environmental Science Associates has been directed to prepare a similar program schedule for the environmental aspects and this will be presented to the Commission at the next Commission meeting. Drafting of an enviromental document will not be initiated until August with a target completion date of September. Commissioner Morrison commended staff on an excellent job and suggested we go forward. Motion was made by Commissioner Morrison, seconded by Commissioner Bridges, passed unanimously.

Maritime - Mr. Stone requested approval to purchase and install two new truck scales for Pier 94-96 due to an increase in daily volume of container traffic. It was moved by Commissioner Rudden, seconded by Commissioner Bridges, and passed unanimously.

Executive Director's Report - Mr. David reported on the California Association of Port Authorities meeting in Sacramento at which it was agreed to increase wharfage rates effective July 1, 1982 by 9.8%. He also reported that a dinner meeting was held with members of the Legislature to discuss international trade. The Speaker of the House was in attendance as well the Majority and Minority Leaders. Mr. David felt that the legislature was now impressed that the ports are a very vital link to the State's economy. They were adamant that this state has to become more agressive in international trade. A good exchange was made concerning international trade.

The meeting was adjourned at 10:50 a.m. by Commissioner Coleman.

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SAN FRANCISCO PORT COMMISSION

2/24/82

MINUTES

Meeting of : February 24, 1982 Next Meeting: March 10, 1982

The regular meeting of the San Francisco Port Commission was called to order by President Gartland at 10:05 A.M. The minutes of the meeting of February 10, 1982 were approved unanimously.

PRESENT: Commissioner Harry Bridges
Commissioner Arthur H. Colman
Commissioner Eugene L. Gartland
Commissioner Jack Morrison
Commissioner James J. Rudden

ALSO PRESENT: Edward L. David, Executive Director
Anthony J. Taormina, Director, Planning & Research
Thomas K. Yerkes, Director, Finance & Administration
Ronald Stone, Director, Maritime Affairs

Mr. David requested that the construction of the pedestrian plaza adjacent to the parking lot at Pier 45 be postponed such time as the plan for Pier 45 is approved. Pres. Gartland directed Mr. David have counsel prepare a letter to the parking lot operator setting forth the reasons why we are postponing construction and advising them that upon adoption of the plan of 45, we will go forward with construction. Commissioner Rudden made a motion to postpone construction, and it was passed unanimously.

Motion was made by Commissioner Bridges, seconded by Commissioner Coleman to approve Mr. David's trip to New Orleans to attend a meeting on user fee legislation.

In the matter of the purchase of a container crane, Pres. Gartland suggested the Port Director compile all the pertinent material for review by the Commission, and the Commission after its review, will accept staff's recommendation.

Mr. David requested approval to purchase carpeting for Pier 35 - passenger terminal - in the amount of $9,866 from R.S. Spencer Co., (the low bidder). This carpeting would be for the stairway area from the street level to the waiting room. Commissioner Morrison moved approval, and motion was passed unanimously.

Mr. David requested Item 4(a) be deleted from the agenda for this meeting; and, Pres. Gartland responded by asking staff to review the matter of Port's telephone system, going back to the initial stage. Commissioner Coleman will assist staff in its review of this matter.

Commercial Property - Mr. Ashe requested approval of license and lease nos. L-10570 through L-10573; it was moved by Commissioner Coleman, seconded by Commissioner Rudden, and passed unanimously.

Mrs. Barbara Goen, Project Director, Fisherman's Wharf, requested approval to advertise a notice of public hearing to review the effect of the prohibition of the sale of alcoholic beverages from street stands. It was so moved by Commissioner Morrison, seconded by Commissioner Rudden, and passed unanimously.

Mr. Yerkes, Director, Finance & Administration, presented the proposed 1982-83 Port budget for review by the Commission. The Commission requested clarification on

the following items, as categorized under specific departments:

Maritime - Commissioner Morrison inquired whether there would be an increase in wharfage charges as previously reported ; Mr. David indicated that although the increase had been announced as 9.8% it would more than likely be somewhere between 6% and 9%.

Regarding the marketing program, Comm. Morrison said he is encouraged that this department's efforts were being directed toward the use of commodities and tonnage figures by facility as a method of developing reasonable and measurable objectives.

The matter of marketing representation was raised and Mr. Stone stated that it was his view that this would be as an adjunct to the marketing effort, and would provide basic representation by way of a monthly report, detailing general trade conditions, and a local contact to coordinate our marketing efforts. Comm. Morrison stated he will be interested to see how this type of representative would aid in Port's campaign to bring new carriers into Pier 94/96.

In another area, Comm. Morrison questioned the lack of research effort in Maritime's objectives - suggesting it would be helpful to explore the possibility of using consultants services to test the needs and perceptions both of shippers and steamship lines.

Commissioner Coleman inquired if monies not used in this year's budget can be transferred over to next year's; Mr. Yerkes replied that Port was the only agency within the City having the ability to do this up to the present time. However, responding to Mayor's office and Controller's request, this will no longer be the case. Henceforth, any monies not used can be capitalized but will no longer be available to us in next year's budget.

In the matter of trade publications, there will be more emphasis on renewing awareness with the trucking and railroad industries. Comm. Morrison inquired if the monthly news bulletin, The Wharfside, will continue in a dual role, as a sales promotional tool and as a public information newsletter. Mr. Gleason, of Gleason & Associates, commented that although the format for this publication was undergoing changes it would remain essentially as described.

Commercial Property - Commissioner Morrison inquired if the Ferry Building project is on schedule - Mr. Yerkes indicated it was but that a meeting was scheduled for Feb. 28 to discuss time frame for the E.I. R. process with Continental Development, City Planning and BCDC. Comm. Morrison asked Mr. Yerkes to provide him with Continental's second draft.

Commissioner Coleman inquired if the inflation factor was built into the figures presented herein, and Mr. Yerkes assured him that this was so. Mr. Yerkes stated the decrease in expense and the increase in revenue did reflect true increases in the contribution from the Commercial Property department.

Comm. Morrison asked if we were continuing to enjoy a savings by using outside janitorial services rather than civil service employees and Mr.Yerkes pointed out that we are indeed saving about $300,000 a year.

Maintenance & Engineering - Comm. Coleman asked for an explanation of the Special Area Plan; and Mr. Taormina indicated that the Port is currently operating under "Special Area Plan No. 1" which mandates Piers 9 through 25 be used for maritime purposes only. Non-maritime use of any one pier would require the adoption of another plan.

Comm. Morrison asked for an explanation for budgeting design of the pedestrian plaza in this budget since postponement of its construction was approved earlier. It was explained that this item referred to the entire SWL Lot 300-301. Further, under the objectives of the Commercial Property department, the time line for Pier 45 includes presentation of lease agreements to the Commission by the second quarter of 1983, therefore this design work ties into that and will be a part of construction work on Pier 45.

Finance & Administration - Mr. Yerkes was asked how he intends to coordinate development of a regional port concept - he deferred to Mr. David, who indicated that an initial step towards this would be enlisting the cooperation of Bay Area Council in support of this concept. He mentioned that California Association of Port Authorities members had recently discussed this, and were not as an organization supportive of this, and it would therefore be a singular effort on our part to garner interest in this issue.

Mr. Yerkes next requested the Commission's consideration of a 7% salary increase for the Port Director; following a brief discussion, it was moved by Commissioner Morrison, seconded by Commissioner Coleman, and passed unanimously.

Under Professional services, Comm. Morrison asked Mr. David about the Belt Railroad item; Mr. David indicated that due to severe economic constraints of operating at a monthly loss, the Belt Railroad has indicated its desire to give up the operation of the belt-line railroad. Mr. David indicated that staff is currently meeting with Southern Pacific and requested the Commission to go into executive session at the conclusion of the regular meeting for further discussion on this matter, since there was possible litigation pending. Pres. Gartland assented, and further urged Mr. David to keep the Commission current on this very important matter.

Commissioner Bridges inquired about the Symphony item listed in Other Services and it was explained that this was a promotional project which would entail construction of a platform to allow outdoor performances by various civic groups on the BART platform.

Further clarification was given to items under the City Attorney's costs, Judgments & Claims, and Risk Management. There being no further questions, the Commission withdrew into executive session - adjournment of the meeting was 12:10 p.m.

SAN FRANCISCO PORT COMMISSION
MINUTES

Meeting of: March 10, 1982 Next Meeting: March 24, 1982

The regular meeting of the San Francisco Port Commission was called to order by President Gartland at 10:00 a.m. The minutes of the meeting of February 24, 1982 were approved with one correction: paragraph 9, page 2 - substitute the amount of $150,000 for that of $300,000 in savings by the use of outside janitorial services.

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PRESENT: Commissioner Harry Bridges
Commissioner Arthur H. Colman
Commissioner Eugene L. Gartland
Commissioner Jack Morrison
Commissioner James J. Rudden

ALSO PRESENT: Edward L. David, Executive Director
Anthony J. Taormina, Director, Planning & Research
Thomas K. Yerkes, Director, Finance & Administration
Ronald Stone, Director, Maritime Affairs

Pres. Gartland announced the regular order of the agenda temporarily set aside, and a public hearing declared to review prohibition of alcoholic sales at Wharf. Mrs. Barbara Goen, project director for Fisherman's Wharf Project, stated in October, 1981 the Commission adopted a resolution prohibiting the sale of alcoholic beverages from sidewalk stands with the proviso that the matter be reheard in 120 days, to determine its effectiveness. Mrs. Goen introduced three letters relevant to this matter from Police Chief Cornelius Murphy, Mr. Patrick Flanagan, President, Fisherman's Wharf Merchants Association, and Mr. Andrew Lolli, President, Castagnoli' Restaurant. (These letters were read aloud, and by attachment hereto, become an official part of these minutes.) Testimony was heard from the following individuals: Captain Victor Macia, Commanding Officer, Central Police District, who reiterated his support of the prohibition by citing the existence of Ordinance 21 M.P.C. which prohibits the consumption on public streets of alcoholic beverages. In opposition, Paul Guardino, Guardino's Seafood Market & Gift Shop, addressed the Commission, requesting consideration of the following points: a reduction in sales revenue to the merchant as well as to the Port; the negative presence of four arcades attracting an undesirable element to the area; and, finally, permitting a similar test period of 120 days in which sales are allowed so that a comparison could be made.

It was the unanimous decision of the Commission to continue the prohibition of sidewalk sales of alcoholic beverages through the month of August, by motion of Commissioner Morrison, seconded by Commissioner Bridges.

Pres. Gartland indicated the public hearing closed, and a return to the regular order of the agenda. Mr. Tom Yerkes was asked to report on Finance and Administration; he introduced Mr. Ben Kutnick, a new member of Port staff, who will be in charge of Accounting Department operations. Mr. Yerkes next requested approval of refunds and allowances in the amount of $2,221.90; Commissioner Morrison moved for approval, and motion was seconded by Commissioner Coleman.

Mr. Yerkes introduced Mr. Lee Barba, of Lehman Brothers, who gave a brief report on the scope of work which Lehman Bros. will undertake for the Port. Mr. Barba stated as a first step, a preliminary debt capacity analysis will be prepared, following that financial review will be four additional stages. Lehman will bring back to the Commission a review of the financing alternatives, then go to a recommended financing plan, following that will be the preparation for the rating agency process, and fourth, the development of an institutional investor marketing program so that in the future the Port's name will be a recognized one in the municipal bond market.

Mr. Barba introduced Mr. Harold Rogers and Peter Ross, of Manatt, Phelps, Rothenberg and Tunney, who will be working with him as Port's bond counsel in determining the legal considerations in structuring the various financial options to the Port. President Gartland thanked Mr. Barba for his presentation.

Mr. Yerkes next addressed the budget for fiscal year 1982-83 requesting Commission's approval. He enumerated four points to be discussed: a modification to increase both revenue and expense in electrical charges from P.G.& E. whereby the increase in revenue would be from $1.4 million to $2.4 million and the increase in expenses would be $1.638 million to $2.638 million; secondly, a correction of budgeted equipment for the maintenance and repair program of $29,000. In order to retain the total figure in the budget, we have reduced materials and supplies by that same $29,000. The third item is an explanation, as requested by Commissioner Morrison, of the $199,000 charges of City overhead included in that figure are:

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| Treasurer | $ 500 |
| Controller | 115,000 |
| Civil Service | 13,000 |
| Retirement | 11,500 |
| Purchaser | 58,500 |

The final item which does affect the total line of the budget is the insurance cost. Mr. Keith Grand, our Risk Manager, advised Mr. Yerkes that increased costs to defend claims against the Port back to 1979 will increase our insurance costs by 6% or an increase to $800,000 next year.

Commissioner Morrison asked Mr. Stone, Maritime Director, to illustrate how he will coordinate his sales promotion budget with his direct sales program in marketing. Mr. David interjected that by the budget process itself, the Marketing Division has certain goals and certain costs associated with these in the area of public relations which will be met.

Mr. Yerkes requested approval of the Commission to forward the 1982-83 budget to the Controller's office, and it was so moved by Commissioner Coleman, seconded by Commissioner Morrison, and approved unanimous.y

Commercial Property - Mr. Matt Ashe requested approval of licenses and leases nos. 10574 - L-10587 which was granted by a motion from Commissioner Coleman, seconded by Commissioner Rudden, passed unansimously.

Approval of sublease for SWL Lot 337 by Crescent Wharf & Warehouse to Roberton & Schwartz, Inc. was requested and motion was made by Commissioner Coleman, seconded by Commissioner Morrison, pending final approval by City Attorney's office of the language of the lease, passed unanimously.

Mr. Ashe presented seven bid proposals which were submitted to the Port Commission for development of SWL Lot 318 - Railroad Roundhouse. He indicated the bids were in three categories - restoration of existing structures only; demolition and new construction; and restoration and new construction. Mr. Ashe stated that this site has been designated San Francisco Historic Landmark 114. Staff is in the process of analyzing all bids and at the next meeting on MArch 24, will be prepared to recommend a formal award of bid to the Commission. Pres. Gartland requested a summary of the bids be forwarded to each Commissioner as a means of analyzing the merits of each bid. Developers submitting proposals were:

Eden and Eden "Round House Development Group"
J.P. Edmundsen
Johnson & Chamberlin "Round House Associates
Sprincin "By the Bay Ltd."
Bunge & Dowse & Co. "Three One Eight Associates"

In conclusion, Mr. Ashe read the text of two letters, one from Mr. Ron Kaufman and the other from Mr. Herb Zelinsky, both urging the adoption of a bid proposal which would preserve the existing structures; both supportive of the restoration and the concept. Following this, the public was invited to speak to this issue. The speakers were: Jonathoan Malone, Secretary to the Lsndmarks Advisory Board, who indicated his Board urged preservation of the Round House structure, with a willingness to compromise on the Sand House removal. Mr. Bob Berry, San Franciscan and railroad buff, spoke against the severability of the Sand House from the rest of the site, citing its historic as wekk as architectural qualities. Mr. Grant DeHart, Executive Director, Foundation for San Francisco's Architectural Heritage, urges the Commission to select one of the bids which proposes to reuse and restore the landmark Round House and to insist on quality rehabilitation to meet the standards of rehabilitation in the Federal Code.

Planning, Engineering and Maintenance - Mr. Taormina requested approval of modification #1 to the Pacific Drydock contract for barge and hull repairs; said approval was moved and seconded and passed unanimously.

Maritime - Mr. David requested approval of a resolution authorizing the purchase of a container crane and spare parts for Pier 80, for a cost of $3,771,000 plus sales tax for delivery within 12 months. Pres. Gartland inquired if other ports had been surveyed for price comparison, and was assured by Mr. Kiisk, Harbor Engineer, that this had been done. It was moved by Commissioner Morrison, seconded by Commissioner Rudden, and passed unanimously.

There being no further business, the meeting was adjourned at 11:30 a.m.

SAN FRANCISCO PORT COMMISSION
MINUTES

Meeting of : March 24, 1982 Next Meeting: April 7, 1982

The regular meeting of the San Francisco Port Commission was called to order by President Gartland at 10:00 A.M. The minutes of the meeting of March 10, 1982 were approved by unanimous vote.

PRESENT: Commissioner Harry Bridges
Commissioner Arthur H. Coleman
Commissioner Eugene L. Gartland
Commissioner Jack Morrison
Commissioner James J. Rudden

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ALSO PRESENT: Edward L. David, Executive Director
Anthony J. Taormina, Director, Planning & Research
Thomas K. Yerkes, Director, Finance & Administration
Ronald Stone, Director, Maritime Affairs

Mr. David requested Item 9, a request to approve the recommendation to award consulting contract for design of Jefferson Street seawall, be put over until the next meeting. Pres. Gartland queried the Commission, and with their assent, this item was taken off calendar and will be reset at the call of the Commission.

Mr. Yerkes requested approval of resolution authorizing Controller to reimburse Port's revolving fund for business expenses pertaining to travel; it was so moved by Commissioner Rudden, seconded by Commissioner Morrison, and passed unanimously.

Mr. Yerkes next requested the Commission rescind Res. #82-14 increasing the Port Director's salary by 7%, and approve Res. #82-30 which would increase the salary by 10% thereby conforming to Civil Service salary standardization, setting the amount at $74,500. It was so moved by Comm. Bridges, seconded by Comm. Rudden, and passed unanimously.

Commercial Property -

Mr. Ashe, property manager, requested approval of license no. 10590 to San Francisco Welding Inc. for an area of 3,528 feet at Pier 50-B. Discussion ensued, with Commissioner Morrison questioning the non-maritime use of this area. The fact that this was a 30-day license rather than a lease was noted. Pres. Gartland directed staff to explore the possibility of providing an area on the waterfront for the exclusive use of classrooms by the Navy. It was therefore moved by Commissioner Coleman, seconded by Commissioner Rudden, and passed unanimously.

Item 6 - Seawall Lot 318 - Railroad Roundhouse - Discussion of bids and proposals submitted for development of this property was initiated by Mr. Ashe. He indicated there were seven proposals in three categories, with only the proposals designating preservation, or a combination of preservation and new construction being acceptable for award. Letters were read from Landmarks Preservation Advisory Board (Patrick McGrew) and Heritage (Grant DeHart) reiterating their position in opposition to demolition of the structures. A representative from Gensler Associates requested a delay of two to

four weeks in which to perform detailed structural analysis to come up with definitive answers on the economic viability of the project when measured against the cost to ensure the seismic safety of the structure. Pres. Gartland invited the other developers to address this issue. Mr. Theodore Eden, of Eden & Eden, stated it was his belief that the building could be restored, brought up to code, and the integrity of the building maintained. Representatives from Bunge Dowse and Eden & Eden assured the Commission that the tax advantages available through restoration of registered historic buildings would help with the economics of restoring the buildings to current seismic standards. Further testimony was heard from Charles Sprincin; John Buss, Bob Berry, and Robert Katz. Mr. Katz prefaced his remarks on the project by lauding Commissioner Bridges for his inestimable contribution to the City during his term as Port Commissioner, and wishing him well on his retirement upon completion of this term in April. Following testimony by interested parties, Pres. Gartland invited each of the proposed developers to respond in writing to the statements made in the meeting. After due deliberation, it was the consensus of the Commission to defer the matter for two weeks until the next meeting on April 7, 1982.

Item 7 - Approval of lease agreement for Fisherman's Wharf Parking Lot -

Comm. Bridges requested the Commission put over this matter until he had received clarification that operation of the parking lot was to be a union operation. Mr. Darrell Salomon, representing the Fisherman's Wharf Restaurant Assn, reassured Commissioner Bridges that this would be a union operation, and Comm. Bridges withdrew his request for deferment. Following testimony by Mr. Salomon and Mr. Stephen Leonoudakis, it was the unanimous decision, moved by Comm. Rudden, seconded by Comm. Bridges, to award the operation of the parking lot to Fisherman's Wharf Restaurant Assn. on a non-profit basis with a validation system for customers of the restaurants, as of June 1, for a twelve-month period. Mr. Leonoudakis, owner of the Golden Gate Parking Inc., present operator of the lot, agreed to continue operation until that date.

Item 8 - Approval to authorize lease modification for Scoma's Restaurant -

The Commission by motion of Commissioner Rudden, seconded by Commissioner Morrison, unanimously approved a modification to the lease held by Scoma's Restaurant at Pier 47 to add a second floor to the lower portion of its building, (the addition to be used exclusively for an office and employee locker rooms and will not add any tables to the restaurant).

There being no further business, the Commission withdrew to executive session at 12:30 P.M.

SAN FRANCISCO PORT COMMISSION

MINUTES

Meeting of: April 7, 1982 Next Meeting: April 21, 1982

The regular meeting of the San Francisco Port Commission was called to order at 10:05 a.m. by President Eugene Gartland. The minutes of the meeting of March 24, 1982 were unanimously approved.

PRESENT: Commissioner Harry Bridges
Commissioner Arthur H. Coleman
Commissioner Eugene L. Gartland
Commissioner Jack Morrison
Commissioner James J. Rudden

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ALSO PRESENT: Edward L. David, Executive Director
Thomas Yerkes, Director, Finance & Administration
Anthony J. Taormina, Director, Planning & Research
Ronald Stone, Director, Maritime Affairs

Executive Director's Report - Mr. David stated that Commissioner Rudden and he had met with the president of the Kyle Railroads, Inc. to discuss the matter of continuing the operation of the railroad along the northern waterfront, with the Port picking up any shortfall for the remainder of this year, on a month-to-month basis - the shortfall not to exceed $9,000 per month. It was moved by Comm. Rudden, seconded by Comm. Bridges, and carried unanimously to accept this temporary arrangement, and staff was instructed to seek a solution on a permanent basis.

Finance & Administration Report - Mr. Yerkes indicated the presence of the Deloitte, Hasken, Sells Audit Report, stating that he and Mr. David would be meeting with Rudy Nothenberg, of the Mayor's office, to discuss the specfics of the report. In response to Pres. Gartland's request, Mr. Yerkes indicated that most of the weaknesses centered around the conversion to a new accounting process; since the new general ledger system is now running, most of the problems have been corrected. Mr. Yerkes agreed that for the future, monthly financial statements will be provided to the Commission.

Mr. Yerkes requested approval of the Commission to authorize two staff members, Stephanie Cincotta and Elizabeth Day, as assistant secretaries to the Commission. This was approved by motion, moved by Comm. Bridges, seconded by Comm. Rudden.

Commercial Property - Mr. Ashe requested approval of license and lease nos. 10591-10596; it was moved by Commissioner Morrison, seconded by Comm. Coleman, and passed unanimously.

Item 6 - Mrs. Goen requested Commission authorization to negotiate a lease modification with Pier 39 Inc. so that the operators of the pier could sell long-term leases for small boat berths at the Pier 39 marina in order to raise the necessary capital for construction of a concrete breakwater.

Pres. Gartland asked that the Port be held harmless from any causative damages that may result from the construction of such a breakwater. Mr. William Coblentz, attorney for Pier 39, Inc. agreed that Port would not be responsible for any causal connection

between what is done by Pier 39, Inc. and what may happen to adjoining piers.

Commissioner Coleman inquired if a study could be prepared to determine if such damages could be averted. Mr. Coblentz replied that a reputable engineering firm has been engaged for this purpose; that no such problems are foreseen at present.

It was therefore moved by Commissioner Morrison, seconded by Commissioner Rudden, and passed unanimously to authorize negotiations with Pier 39, Inc.

Item 7 - Mr. Ashe briefly summarized the original bid package which was offered to developers, and approved by the Commission in October 1981, emphasizing the importance given both to historic landmark status and the specific structural conditions of the site. Mr. Ashe commented that although the bid submitted by J.P. Edmundson offered the Port $407,000 in rent was "the most tempting bid" it was unlikely that it would pass due to the demoliton of the landmark. After analyzing all aspects, it was staff's recommendation to award the bid for Seawall Lot 318 to Bunje Dowse Company, "Three One Eight Associates".

Pres. Cartland indicated he would entertain comment from the other developers. Theo.Eden of the Eden & Eden architectural firm, which proposed a $326,000 rent and claimed authentic restoration of the landmark, displayed four photographs with superimposed images of the proposed new construction, stating that Bunje Dowse's proposal to add two buildings to the property would hide the roundhouse. Jean Kortum, Board member of the Landmarks Preservation Advisory Board, pleaded for postponement of the decision to award.

Mr. Kridler, Gensler & Associates, architects for J.P. Edmundsen, addressed the matter of a two-week delay, stating that Edmundsen would be willing to change its plan to include "affordable housing", if the Commission granted a postponement of its decision. Mr. Ken Kurtzman, representing By-the-Bay Ltd., suggested the Port Commission seek an independent analysis as to whether or not financing could be obtained to fulfill the commitment promised by the developers with the higher bids.

Comm. Morrison queried Mr. John Buss, Bunje Dowse , about the firm's flexibility and willingness to alter somewhat the original development proposal, insofar as height structure and bulk of the buildings is concerned. Mr. Buss assured the Commission their proposal was conceptual and Bunje Dowse was amenable to design suggestions by the Board.

It was then moved by Commissioner Morrison, seconded by Commissioner Coleman, and passed unanimously to award the contract for development of Seawall Lot 318 to Bunje Dowse Company.

Item 8 - Ms. Cincotta requested approval of the Commission to amend Gleason & Associates contract in the amount of $55,700 for payment of additional expenses which were incurred, e.g.publication of the annual report. Motion was passed unanimously.

Item 9 - Request to award design contract on Jefferson Street Seawall - Mr. David asked the Commission's indulgence in postponing discussion of this matter until the next Commission meeting of April 21, 1982. Pres. Gartland so agreed; this matter will be heard at the next regular meeting.

A representative from Canron Corp., Mr. Hans Scheisser, addressed the Commission in the matter of the purchase of a container crane. Mr. Scheisser specifically asked the Commission to postpone its purchase until his firm had the opportunity to make a technical presentation. Pres. Gartland indicated that his request would be considered and a reply would be forwarded to him.

The Commission met in Executive Session to consider the matter of extending increases in retirement benefits now available to state employees pursuant to state legislation enacted in 1981 to Port employees who transferred from state service to the Port of San Francisco. This matter is the subject of pending litigation. At the conclusion of the Executive Session, the Commission voted unanimously to support the enactment of state legislation to extend increased PERS retirement benefits to Port employees who are members of PERS retroactive to the date on which state employees began receiving their increased benefits.

There being no further business, the meeting was adjourned at 11:25 a.m.

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# SAN FRANCISCO PORT COMMISSION

## MINUTES

eeting of: April 21, 1982 Next Meeting: May 12, 1982

he regular meeting of the San Francisco Port Commission was called to order at 10:10 a.m. y President Eugene L. Gartland. The minutes of the meeting of April 7, 1982 were approved nanimously.

RESENT: Commissioner Harry Bridges
Commissioner Arthur H. Coleman
Commissioner Eugene L. Gartland
Commissioner Jack Morrison
Commissioner James J. Rudden

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LSO PRESENT: Anthony J. Taormina, Acting Executive Director
Thomas Yerkes, Director, Finance & Administration

BSENT: Edward L. David, Executive Director
Ronald Stone, Director, Maritime Affairs

resident Gartland on behalf of the Commission asked Mr. Taormina to extend its appreciation o staff for their efforts in bringing back Evergreen Lines to San Francisco, an accomplishent which will mean a million dollars annually to the Port.

r. Taormina asked the Commission's indulgence to allow a presentation by the developers of WL 321 - The Munselle/Brown Partnership Inc. - to update progress of the development, indicating their involvement in fulfilling the bureaucratic requirements of the Office of nvironmental Review. Mr. Michael Blumenthal of Interbank Corp. presented a model and ite plans for review, stating that tenant interest in the site has already been shown. r. Robert Myers spoke to the approval process in which they are currently involved.

ollowing this, Mr. Taormina responded to an inquiry by the president regarding a dedication eremony for the Waterfront Promenade, stating the promenade should be ready for a dedication n mid-June. He also indicated the date of May 8 as the formal opening of the newly refurbishe assenger terminal at Pier 35. Mr. Taormina requested approval of expenditures in conjunction ith the Pier 35 opening ceremonies for art work reproduction, printing, and caterers. t was so moved by Commissioner Morrison, seconded by Commissioner Rudden, and passed unanibusly.

res. Gartland suggested staff explore the idea of having a contest to select an appropriate ame for the promenade, bearing in mind it should have historical or maritime significance o it. The Acting Director responded that this would be undertaken. Another suggestion was ade regarding the possibility of a sculpture being incorporated into the design of the romenade and staff was directed to give some thought along these lines.

inance & Administration - Mr. Yerkes requested approval of refunds and allowances in the nount of $205,951.36 and it was so moved by Commissioner orrison, and passed unanimously.

Mr. Yerkes reported on the presence in San Francisco of Lehman Bros. representatives, our financial advisors, discussing changes in capital structure and financial alternatives. Their report and recommendations are expected in four to six weeks. Secondly, Mr. Yerkes reported on a minor building permit change for the restaurant and gallery known as Gabby's/Gallery de Medici. In order to better conform to the theme of the Wharf, the establishment will be renamed Cafe de Medici and Gallery. No Commission action was required on this matter.

Commercial Property -

Approval of licenses and leases nos. L-10597 - 10601 was granted by motion of Commissioner Morrison, seconded by Commissioner Coleman, passed unanimously.

Barbara Goen, Project Manager, Fisherman's Wharf , presented a request to modify the C.J. Hendry lease for assignment to Don Maskell, who will retain ships' chandlery use as specified. Following discussion by the Commission, it was moved by Commissioner Morrison, seconded by Commissioner Bridges, and passed unanimously.

Maritime -

Commission was asked to authorize Port staff to develop and enter into a personal services contract with the law firm of Hills, Betts & Nash to be effective for the remainder of this fiscal year in an amount not to exceed $5,000 to provide specialized legal advice on regulatory matters. It was moved by Commissioner Morrison, seconded by Commissioner Rudden, and unanimously passed.

Planning, Engineering & Research -

Mr. Taormina presented a recommendation to modify the Northeastern Waterfront Plan and the Total Design Plan in order to incorporate the retention of the ferryboat KLAMATH at existing berth on Pier 5 and the relocation of the ferryboat FRESNO to the northside of Pier 3. Following discussion, it was moved by Commissioner Morrison, seconded by Commissioner Bridges, and passed unanimously.

Vice President Coleman concluded the final business of the meeting since Pres. Gartland was required to absent himself prior to the conclusion of the meeting. The final item to be considered was a request for approval of the award of a contract for the Jefferson Street seawall design to the firm of John A. Blume & Associates in the amount not to exceed $346,300. Motion was made by Commissioner Rudden, seconded by Commissioner Morrison and unanimously passed.

There being no further business the meeting was adjourned at 10:45 a.m.

Requisitions

Concessionaire

Promenade – "Nancy contest"

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# SAN FRANCISCO PORT COMMISSION

## MINUTES

Meeting of: May 12, 1982 Next Meeting: May 26, 1982

The regular meeting of the San Francisco Port Commission was called to order at 10:05 a.m. by President Eugene L. Gartland. The minutes of April 21, 1982 were approved by unanimous vote.

PRESENT: Commissioner Harry Bridges
Commissioner Arthur H. Coleman
Commissioner Eugene L. Gartland
Commissioner Jack Morrison
Commissioner James J. Rudden

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ALSO PRESENT: Edward L. David, Executive Director
Anthony J. Taormina, Director, Planning & Research
Thomas Yerkes, Director, Finance & Administration
Ronald Stone, Director, Maritime Affairs

Mr. David addressed the possibility of utilizing the new passenger terminal waiting rooms (when no ship is in port) by travel groups, for maritime meetings and receptions, and other similar uses. Staff will present to the Commission at the May 26 meeting a proposal regarding the use of the rooms and the applicable regulations and fee schedule. Discussion followed referencing the potential of a flower concession being permitted to operate on the pier. Pres. Gartland directed staff to make inquiries along these lines.

Mr. David stated the waterfront promenade should be completed about June 15 - steps are still under construction and the landscaping is still to be put in place.

Finance and Administration - Mr. Yerkes requested approval of refunds and allowances in the amount of $836,029.62, and it was moved by Commissioner Morrison, seconded by Commissioner Rudden, passed unanimously.

Commercial Property - Mr. Ashe requested approval of licenses and leases nos. L-10602-10609; it was moved by Commissioner Coleman, seconded by Commissioner Bridges, and approved unanimously. Commissioner Morrison inquired if the ferryboat KLAMATH will continue to be berthed at Pier 5; Mr. Taormina indicated that a request has been forwarded to the Planning Commission to amend the City Master Plan to allow the KLAMATH to remain at Pier 5. This matter will be overseen judiciously.

Mr. Ashe requested approval of the Commission to schedule a public hearing for May 26, 1982 for the purpose of hearing public testimony on rental increases; it was moved by Commissioner Morrison, seconded by Commissioner Rudden, and passed unanimously.

Mr. Ashe requested approval of a lease assignment for the ferryboat FRESNO; discussion followed regarding identification of the general partners (Mr. Maxwell Drever and Mr. Arthur McIntosh). Motion was then made to approve by Commissioner Morrison, seconded by Commissioner Rudden, and passed unanimously.

Mrs. Barbara Goen reported on the status of Gelardi's Giftshop relocating to the new Pavilion at Fisherman's Wharf. Discussion followed regarding the delay involved in a lease modification for the tenant. Pres. Gartland requested Deputy City Attorney Rutherford to inform whoever is handling the matter the Commission expects the lease back by the end of the month.

Planning, Engineering & Maintenance - Mr. Taormina requested the Commission to put over the matter of awarding a contract for Pier 80-94 subsidence until the next meeting. It was so ordered by the president.

Approval was requested to increase the Vickerman, Zachary & Miller contract in the amount of $12,500 to cover the increased insurance coverage required by City's Risk Manager. Since this cost was not anticipated in the original bid proposal, Commissioner moved to approve unanimously.

The final item was a request to confirm the Commission's intent to implement Pier 88 Drill Track/Public Access Project by resolution 82-52. It was moved by Commissioner Rudden, seconded by Commissioner Morrison, passed unanimously.

There being no further business, the meeting was adjourned at 10:35 a.m.

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# SAN FRANCISCO PORT COMMISSION

## MINUTES

Meeting of: May 26, 1982 Next Meeting: June 9, 1982

The regular meeting of the San Francisco Port Commission commenced at 10:00 A.M. by order of President Gartland. The minutes of the meeting of May 12, 1982 were unanimously approved by the Commission.

PRESENT: Commissioner Harry Bridges
Commissioner Arthur H. Coleman
Commissioner Eugene L. Gartland
Commissioner Jack Morrison
Commissioner James J. Rudden

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ABSENT: Mr. Edward L. David, Port Director

ALSO PRESENT: Anthony J. Taormina, Director, Planning & Research
Thomas K. Yerkes, Director, Finance & Administration
Ronald Stone, Director, Maritime Affairs

Mr. Taormina requested the Commission consider Item 5 - Proposed Rental and Parking Rate Increases - as the first order of business due to the number of interested persons wishing to testify in this matter. It was so ordered by Pres. Gartland, and a public hearing was declared to consider this matter. Mr. Matthew Ashe, Commercial Property Manager, presented the proposed rent schedule with an increase of 13.5%, applicable to rents not presently at fair market, effective July 1, 1982. Commissioner Morrison inquired how staff determined fair market rents. Mr. Ashe replied that this was determined by performing a survey of comparable use. Comm. Bridges inquired if any exceptions applied, such as for non-profit tenants. Mr. Ashe replied that in some cases like ships' scalers there would be no increase since theirs was already at fair market. Mr. Ashe stated that prior to the next fiscal year 1983-84 a re-survey would be made to determine the fair market rates with a recommendation to apply these rates to all Port property.

Pres. Gartland invited the public to testify in this matter - the following tenants responded:
Mr. Douglas Garrett, Woodside Group
Mr. Tom McGarvey, Red's Java House
Mr. Matt Ayan, Sec.-Treas., ACA Hook & Lines
Mr. George Kerr, Manager, Meatball Bait Distributors
Mr. Patrick Flanagan, Pres. F.W. Merchants Assn.
Mr. Richard McFarland, Architect, Pier 9
Capt. Joe Moran, San Francisco Bar Pilots
Capt. Nystol, World Trade Center
Mr. Garadorian, Pier 9 sub-lessee

In general, the testimony concerned itself with the percentage rate of the increase which is proposed together with the lack of amenities in comparison to rentals elsewhere. A number of tenants deplored the increase at this time as being insensitive and unrealistic of the Port and injurious to small business operations of which most Port tenants are. Concern was also voiced about the method of notification and lack of detail given regarding time and place of the public forum.

Following discussion by the Commission, Commissioner Morrison requested this matter be continued until the meeting of June 9 in order to provide sufficient time for the Commission to reach a decision in this matter. It was therefore postponed until the meeting of June 9, 1982, and notice was served on those present that the public hearing would be continued over until the next regular meeting. Tenants were also assured that included in their next billing would be a copy of the proposed rate schedule.

Returning to the regular order, Mr. Taormina indicated a schedule of rates for use of the Pier 35 passenger terminal for review by the Commission, following this review, staff will present this matter for formal adoption.

Finance and Administration - Mr. Yerkes requested approval of Exhibit E (Continental Development Corp.) revised schedule - it was moved by Comm. Morrison, seconded by Commissioner Rudden, and approved unanimously.

The next item 4c - Lease of a new telephone system - was postponed at the request of Commissioner Coleman until the next meeting.

A request of a declaration of emergency in order to repair the Ferry Building boiler and the expenditure of up to $3,000 was approved by a motion by Commissioner Bridges, seconded by Commissioner Coleman, and approved unanimously.

Mr. Yerkes reported progress in the matter of a proposed charter amendment which would allow the Port Commission greater ltitude in investment alternatives. Supv. Hongisto introduced the item at last Monday's Board meeting, staff is working now to garner support for its passage.

Mr. Yerkes next requested approval of a license for parking lot at Fisherman' Wharf which would allow the operator to begin operations on June 1; it was moved by Commissioner Morrison, seconded by Commissioner Coleman, approved unanimously.

Item 6 - Approval of a lease amendment with Scoma's Restaurant for expansion of the leased premises was requested; it was moved by Commissioner Rudden seconded by Commissioner Morrison, passed unanimously.

Item 7 - Approval of a lease assignment and amendment from C.J. Hendry to Don Maskell for the Johnson-Joseph property was requested; Pres. Gartland inquired if City Attorney agreed that only minor changes were involved in this amendment. Ms. Herman stated that although she did not review this particular lease, she had quickly looked it over and noted that the amendment deals only with the increase of the tenant's rent.

Mr. Alexis Tellis, occupant of Johnson-Joseph property second floor, addresse the Commission, concerning the first right-of-refusal of this property. Mr. Tellis was assured by the president that he has a valid license to rent this property, until such time as circumstances would dictate cancellation of this license, he may occupy this space. Such circumstances would have to have the Commission's approval. With this assurance, Mr. Tellis thanked

the Commission for their attention. The president asked for a motion; Commissioner Rudden moved approval, seconded by Commissioner Morrison, approved unanimously.

7a. Approval of a lease modification for Gelardi's Giftshop to relocate this tenant was requested; it was moved by Commissioner Coleman, seconded by Commissioner Rudden, and approved unanimously.

8. Mr. Taormina next asked the Commission to approve the award of a contract to retain the consulting engineering group of Parsons, Brinckerhoff, Jordan-Avent and Ben Gerwick, Inc. for subsidence correction work at Piers 80 and 94. It was moved by Commissioner Morrison, seconded by Commissioner Bridges, and approved unanimously.

9. The Commission was requested to authorize final payment, including modifications, to the contractor, Nibbi-Lowe, for the Fisherman's Wharf Pavilion in the amount of $46,435.49. Mr. Vello Kiik stated that the contractor is to be commended for bringing the project in under cost and one month ahead of schedule It was moved by Commissioner Bridges, seconded by Commissioner Coleman, approved unanimously.

10. Mr. Stone presented a request to increase the passenger fee assessed on the cruise lines effective January 1, 1983 - the increase to be from $3.50 to $5.50. After discussion, it was moved by Commissioner Rudden, seconded by Commissioner Bridges, and passed unanimously.

There being no further business, the meeting was adjourned at 11:40 a.m.

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# SAN FRANCISCO PORT COMMISSION

## MINUTES

Meeting of:
June 9, 1982

Next Meeting:
June 23, 1982

The regular meeting of the San Francisco Port Commission was called to order by President Gartland at 10:00 a.m. The minutes of the meeting of May 26, 1982 were approved unanimously.

PRESENT: Commissioner Harry Bridges
Commissioner Arthur H. Coleman
Commissioner Eugene L. Gartland
Commissioner Jack Morrison
Commissioner James J. Rudden

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ABSENT: Edward L. David, Port Director

ALSO PRESENT: Anthony J. Taormina, Acting Port Director
Thomas K. Yerkes, Director, Finance & Administration
Vello Kiisk, Chief Harbor Engineer

Mr. Taormina requested Item 4b - negotiations for new telephone system - be put over until the next meeting; it was so ordered. Pres. Gartland then indicated that Item 6 - Public Hearing to consider rent increases - would be heard next, out of regular order of the agenda. The public was invited to address the proposed increase for a second hearing; Mr. John Doyle, attorney representing San Francisco Shipping Service, Pier 27-29, stated that insufficient notice had been given to tenants to notify them of the proposed increase in rental rates, that in his particular situation the increase would actually be 300percent since his rent would be going from 30¢ to $1.00 s.f. Mr. Doyle requested the Commission consider instead a gradual increase following adequate notice to all tenants. Question was also raised whether the Commission intends to provide comparable services, such as painting and repairing, as provided in surrounding buildings. Mr. Phil Carruba, of Christy Truck Lines, spoke next, addressing the matter of improper notification and the adverse impact on local businesses who are Port tenants. Other tenants who testified were C. Benevidez and Mr. Tory Presti. Mr. Presti suggested the Port consider not increasing those tenants' rents whose businesses are maritime in nature, such as, freight forwarders, truck lines, etc. in order to protect a support system for the Ports future development. Following testimony by all interested parties, it was moved by Commissioner Morrison, seconded by Commissioner Coleman, and passed unanimously to continue the hearing for another two weeks to ensure that all tenants have had ample notification of the proposed rental increase.

Finance and Administration - Mr. Yerkes requested approval of refunds and allowances in the amount of $333,388.42; it was so moved by Commissioner Morrison, seconded by Commissioner Coleman, and passed unanimously.

Mr. Yerkes stated that a preliminary report was included in the Commissioners packets for review prior to a presentation by Lehman Bros. at the next Commission meeting on their financial recommendations for financing of Port's development project.

Commercial Property -

Mr. Ashe requested approval of licenses and leases nos. 10610 through 10615; it was so moved by Commissioner Morrison, seconded by Commissioner Rudden, passed unanimously.

Maritime -

Mr. Peters of the Maritime staff requested approval of a license to permit Marine Terminals Corp. use of Shed C at Pier 50 for handling of newsprint. Following discussion, it was moved by Commissioner Morrison, seconded by Commissioner Coleman, passed accordingly.

There being no further business, the meeting was adjourned at 10:45 a.m.

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# SAN FRANCISCO PORT COMMISSION
## MINUTES

Meeting of: June 23, 1982 Next Meeting: July 14, 1982

The regular meeting of the San Francisco Port Commission was called to order by President Gartland at 10:05 a.m. The minutes of the meeting of June 9, 1982 were approved with one correction - Commissioner Harry Bridges was not present at the meeting of June 9, 1982 and the recorded minutes should duly reflect this change.

PRESENT: Commissioner Harry Bridges
Commissioner Arthur H. Coleman
Commissioner Eugene L. Gartland
Commissioner Jack Morrison
Commissioner James J. Rudden

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ABSENT: None

ALSO PRESENT: Mr. Edward L. David, Executive Director
Anthony J. Taormina, Director, Planning & Engineering
Thomas K. Yerkes, Director, Finance & Administration
Ronald Stone, Director, Maritime Affairs

Pres. Gartland suspended the regular order of business to make a presentation to Mr. Al Petrie on his retirement from the Port after 35 years service. On behalf of the Commission, Mr. Petrie was given a resolution commending him for his dedication and service to the Port.

Mr. Taormina presented a resolution for the Commission's review and approval supporting the retention of the Regional Office of the U.S. Customs Service in San Francisco, which would be forwarded to our Congressional delegation. It was so moved by Commissioner Morrison, seconded by Commissioner Rudden and passed unanimously.

Finance and Administration -

Mr. Yerkes requested approval of the Commission to negotiate with General Telephone and Electronics (GTE) for implementation of a new telephone system for the Port. It was so moved by Commissioner Morrison, seconded by Commissioner Coleman, and adopted unanimously.

Mr. Yerkes next presented Book 3 of the Lehman Bros. financial recommendation for the Port for review by the Commission. Mr. Yerkes stated that staff would return to the Commission within the next two to three weeks with a recommendation concerning the Lehman Bros. assessment.

Commercial Property -

Approval of license and lease nos. 10616-10620 was requested and granted unanimously by motion of Commissioner Rudden, seconded by Commissioner Coleman.

Public Hearing for Proposed Rent Increases (licensees) - Pres. Gartland invited all those tenants who have not previously testified regarding the rental increases to do so. The following individuals addressed the Commission to protest the proposed 13% increase:

Norman Zilber, representing Walter Landor & Associates;
David Sargent, Pier 33 tenant;
Peter Michael, Pier 33 sub-tenant;
Lorraine Dunn, 35 Brannan Street;
John Doyle, Pier 27-29.

At the conclusion of testimony, the Commission upon a motion by Commissioner Morrison to set the increase at 8% generally, effective August 1, 1982, voted to approve unanimously. Commissioner Rudden seconded the motion. The three exceptions to this 8% increase as moved by Comm. Coleman, seconded by Comm. Morrison, passed unanimously,are:

Pier 33 Railcars - Increase to .50¢ s.f. per month;
Klamath Ferryboat- 20% increase, with the understanding that next year there will be an increased escalation to bring it to fair market rate;
Pier 27/28 annex - $1 s.f. per month.

Parking stalls increase was treated separately and it was moved by Commissioner Morrison seconded by Commission Coleman, and adopted unanimously to increase by 15%. The Commission further moved to adopted Res. No. 82-53 setting forth its intention to set 1983-84 rental rates in accordance with the fair market rental rates so indicated by Port staff.

Maritime -

Mr. Stone presented an agreement to operate offdock consolidation freight station and San Francisco Belt Railroad freight distribution center between the Port of San Francisco and California Stevedore & Ballast; it was so moved by Commissioner Morrison, seconded by Commissioner Rudden, and passed unanimously.

Planning, Engineering & Maintenance -

Mr. Taormina asked the Commission to approve Modification No. 1 to permit additional contract work by Dean Taylor Crane Service in the amount of $3,000; it was so moved by Commissioner Rudden, seconded by Commissioner Bridges, adopted unanimously.

The final item for consideration was presented by Mr. Taormina and encompassed a proposed contract renewal with Environmental Science Associates for performance of environmental services in conjunction with Port projects. Mr. Taormina asked the Commission to review his memorandum outlining the scope of services for this contract, and stated he would be back to the Commission at the next meeting for formal consideration.

There being no further business, the meeting adjourned into Executive Session at 11:10 a.m. The Port Commission meeting was formally adjourned at 11:40 a.m. following Executive Session.

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# SAN FRANCISCO PORT COMMISSION

## MINUTES

Meeting of:
July 14, 1982

Next Meeting:
July 28, 1982

The regular meeting of the San Francisco Port Commission was called to order by President Gartland at 10:00 a.m. The minutes of the meeting of June 23, 1982 were unanimously approved.

PRESENT: Commissioners Eugene L. Gartland, Arthur H. Coleman, Jack Morrison, James J. Rudden

ABSENT: Commissioner Harry Bridges

ALSO PRESENT: Edward L. David, Executive Director
Anthony J. Taormina, Director, Planning and Research
Thomas K. Yerkes, Director, Finance & Administration
Ronald L. Stone, Director, Maritime Affairs
Vello Kiisk, Chief Harbor Engineer
Matthew Ashe, Property Manager
Diane Hermann, Deputy City Attorney

Executive Director's Report - Mr. David reported on the potential closing of the Mines and Geology Museum located in the Ferry Building, due to their inability to pay the additional 8% rent increase for the coming year which the Commission had voted on at its last meeting. He requested that, since the Museum is a public service, the 8% increase be waived for this fiscal year and to have the rent schedule remain as it was last year. Commissioner Morrison moved approval, seconded by Commissioner Rudden, and was unanimously passed.

Mr. David then informed the Commission that the Department of Public Works will be having a meeting regarding the traffic flow studies for the Fisherman's Wharf area on Friday, July 16, and that the Port will monitor this meeting. President Gartland stated that he had just received a letter from the President of the Fisherman's Wharf Merchants Association informing the Commission they will be hiring independent experts to conduct a study on this matter and will keep the Port advised. President Gartland instructed that this letter be made part of the record.

Mr. Nunzio Alioto, representing various interests in the Fisherman's Wharf area, asked to make a statement for the record. He requested the Commission to take some action for staff to discuss immediate steps to get more traffic flow into the Fisherman's Wharf area and some directional signing. President Gartland informed Mr. Alioto that there was no action being taken on this matter today. Mr. Alioto then stated for the record that he would like to be on calendar at the next Commission meeting to discuss this issue. President Gartland recommended to Mr. Alioto that during the interim until the next meeting, he contact staff and present a recommendation to them. Staff will then make a recommendation to the Commission and if it is appropriate, it will be calendared.

Mr. David further reported that he is progressing on developing a plan and selecting a firm to assist the Port in making an economic feasibility study of the Port's southern waterfront master plan and will make a recommendation at the next meeting.

Finance and Administration Report - Mr. Yerkes requested approval of Refunds and Allowances for the month of June in the amount of $442,622.90. Commissioner Morrison moved approval, seconded by Commissioner Rudden, and passed unanimously.

President Gartland requested an item be added to the agenda. He asked that a letter he received from Burson-Marsteller thanking Stephanie Cincotta for her help in the reception of the S.S. ROTTERDAM be made part of the record. He extended his personal gratitude on behalf of the Commission.

Mr. Yerkes reported on one more item off the agenda. He stated that Mr. Barba of Lehman Bros. is in town to work on the crane leverage lease and expects to bring back a policy decision to the Commission for approval at the July 28 meeting.

Before continuing to item 5, Mr. David requested that item 6, requesting approval of Roundhouse lease - SWL 318, be put over to the next regular meeting.

Item 5 - Mr. Ashe requested approval of licenses and leases nos. 10621-10625; Commissioner Morrison moved approval, seconded by Commissioner Coleman, and passed unanimously.

Item 8 - Stephanie Cincotta, Director of Public Affairs, addressed the Commission regarding Gleason & Associates. She expressed the Port's gratitude to Bill Gleason, for his continued expertise in helping the Maritime Department achieve their goals and objectives, and to Nancy Pitt, for her time and energies in putting out the "Wharfside" and many other publications. She then requested approval of the Standard Agreement with Gleason & Assoc. for 1982-83. Commissioner Morrison expressed his concern over the lack of a regular publication date for the "Wharfside". Mr. Stone stated that in the last couple of issues, they have been accelerating to catch up with their schedule, which is bimonthly, and will soon be right on schedule. Comm. Morrison then inquired as to what is being done to improve the mailing list for the "Wharfside". Mr. Stone replied that in the September issue a mailing card will be included to try and update the names and they will now use names of presidents and senior executives instead of just a company name.

After further discussion, Comm. Morrison moved approval, seconded by Comm. Coleman, and was passed unanimously.

Item 9 - Mr. Taormina requested approval of final payment on the Amoroso Contract for Pier 35. Comm. Morrison moved approval, seconded by Comm. Coleman, and was unanimously approved.

Item 10 - Mr. Taormina requested approval of a contract for professional services to conduct a hydrographic survey of the Hyde Street Pier in an amount not to exceed $10,050.00. Comm. Morrison inquired as to the meaning of "survey". Mr. Kiisk replied that it is basically a test which would describe the contour of the Bay bottom, depth soundings, etc. Comm. Morrison then moved approval, seconded by Comm. Rudden, and was unanimously approved.

Item 11 - Mr. Taormina requested approval of a contract for geo-technical services to undertake engineering and monitoring of a vertical drain test section for the Berth 94 expansion in an amount not to exceed $309,750.00, and to conduct an investigation of modifications to Southern Pacific tunnel restrictions in an amount not to exceed $44,550.00.

Comm. Morrison expressed his concern as to the fairness of the price for this work ($309,750). Mr. Kiisk and Mr. Taormina assured Comm. Morrison that this was a very fair price. Comm. Gartland inquired as to whether this contract should be bidded out to other firms who qualify in this field. Mr. Taormina replied that he believed they would not get any better price or better services than what is already being recommended.

Mr. John Vickerman, President, Vickerman, Zachary & Miller, and manager of this project, addressed the Commission and discussed the project in more detail. Comm. Morrison then made a motion to approve the contract, but was interceded by Comm. Coleman who was concerned about using consultants judiciously and wanted a couple of more weeks to reflect on what was just presented. Comm. Morrison did not object to this but felt this project should get moving as soon as possible; President Gartland agreed.

President Gartland then questioned why staff was delaying getting approva of the second part of the contract, the tunnel issue. Mr. David stated he would report back to the Commission on this at the next meeting. Mr. David then recommended that the Commission approve the total amount of the contract, but in terms of the second issue, the tunnel consultant, if the Commission is not satified at its next meeting, it will be deleted from the agreement. President Gartland reiterated this by stating that Comm. Morrison's motion will be amended to provide that the second part of the contract may be abrogated by action of the Commission at its next meeting; Comm. Rudden seconded this motion and was unanimously approved.

Item 12 - Mr. Taormina reported on the bid for construction of the Pier 3 rehabilitation and renovation. He stated that they will be putting the plans and specifications for this project out to bid for construction and anticipate BCDC approval of the permit in September or October of this year. Upon receipt of the permit, they will report the cost of the project to proceed with this renovation.

Item 13 - Mr. Taormina requested approval of a contract for expanded Scope of Services with Environmental Science Associates for fiscal year 1982-83 in an amount not to exceed $97,500 and for a personal services contract with Dr. Randall Rossi in an amount not to exceed $45,600. Comm. Morrison moved approval, seconded by Comm. Rudden and passed unanimously.

There being no further business, the meeting was adjourned at 11:00 a.m.

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SAN FRANCISCO PORT COMMISSION

MINUTES

Meeting of:
July 28, 1982

Next Meeting:
August 11, 1982

The regular meeting of the San Francisco Port Commission was called to order by Vice President Arthur Coleman at 10:08 a.m. The minutes of the meeting of July 14, 1982 were unanimously approved.

PRESENT: Commissioners Arthur H. Coleman, Jack Morrison, and James J. Rudden

ABSENT: Commissioners Eugene L. Gartland and Harry Bridges

ALSO PRESENT: Edward L. David, Executive Director
Anthony J. Taormina, Director, Planning and Research
Thomas K. Yerkes, Director, Finance & Administration
Ronald L. Stone, Director, Maritime Affairs
Vello Kiisk, Chief Harbor Engineer
Matthew Ashe, Property Manager
Diane Hermann, Deputy City Attorney

Executive Director's Report - Mr. David requested the Commission to go into Executive Session at the conclusion of the meeting to discuss a matter of pending litigation. He reported that at the last regular meeting he was under the assumption the Division of Mines and Geology would be able to pay their rent if the 8% increase for fiscal year 1982-83 was waived, but he had since been informed by Mr. Thomas Gay, Chief Deputy State Geologist, Division of Mines and Geology, that they could not pay the rent even without the 8% increase. Mr. David informed the Commission of a resolution to be heard before the Finance Committee of the Board of Supervisors on August 4 requesting the Board to ask the Port to reduce Mines and Geology's rent by $20,971.26 and he requested a policy decision on appearing before the Board on this resolution.

Mr. Gay informed the Commission that Mining Lamp, Inc., a private citizens group concerned about the Museum staying open, was the perpetrator of the resolution and that the Museum had nothing to do with it. He stated that even without the 8% increase (amounting to $14,300) they still have a shortfall of $34,000 of savings which would have to be made by giving up the Museum space.

Mr. David stated that the Port could not afford to take another $34,000 reduction in cash flow and staff's recommendation is that they had done their part by giving the 8% reduction. Commissioner Rudden made a motion to approve staff's recommendation, seconded by Comm. Morrison, and was unanimously passed.

Mr. David requested approval to go forward with the railroad tunnel study, pursuant to his memorandum to the Commission on this issue; Comm. Morrison moved approval, seconded by Comm. Rudden, and passed unanimously.

Finance and Administration Report - Mr. Yerkes reported on an item off the agenda -- He commended and thanked the staff of Touche Ross & Co., who was engaged by the Port to evaluate its data processing operations and controls, for their efforts on our behalf. He recommended that they be considered to assist in the implementation of a work plan prepared by them, the result of which would be a data processing system unequalled by any other.

Mr. Yerkes then requested approval of a leveraged lease financing concept for the Paceco crane to be done by Fiscal Funding Co., Inc. He described this transaction in detail and then asked the Commission to approve it in policy and to empower staff to enter into a contract with Fiscal Funding Co., Inc. in the amount of $25,000. Comm. Morrison moved approval, seconded by Comm. Rudden, and passed unanimously.

Mr. Yerkes further requested approval of the status of negotiations with the San Francisco Redevelopment Agency regarding the South Beach portion of the Rincon Point-South Beach project. He reviewed the points of agreement between the Port and the Redevelopment Agency, as outlined in a letter written by the Agency. Discussion followed on some of the terms of the agreement. Mr. Redmond Kernan, Deputy Director of the Redevelopment Agency, spoke further on this issue and asked the Commission to allow them to proceed with this project. Comm. Morrison then stated that he felt this needed to be studied more thoroughly for he was not convinced the Port was getting a fair deal. He therefore recommended this item be continued until such time as the Commission could give it more study; Comm. Coleman agreed. Comm. Rudden seconded the motion and passed unanimously.

Commercial Property - Mr. Ashe requested approval of licenses and leases nos. 10626-10633; Comm. Morrison moved approval, seconded by Comm. Rudden and was unanimously passed. Mr. Ashe further requested approval of a resolution approving the final form of lease for Seawall Lot 318, the Roundhouse, with one amendment to the resolution--where it reads: ...cost of living index increases at 3 year intervals from the second year on, it should read: cost of living index increases at 3 year intervals from the end of the second year on. Comm. Rudden moved approval, seconded by Comm. Morrison and passed unanimously.

Planning, Engineering and Maintenance - Mr. David requested approval to engage Claude Gruen of Gruen, Gruen & Associates to conduct a financial feasibility study of the Port's Southern Waterfront Master Plan, as previously requested by the Commission. Mr. Gruen stated that he would review the plans as they stand now, determine if the projections behind the financing plans are reasonable, and raise questions if they are not. Comm. Morrison moved approval, seconded by Comm. Rudden and was unanimously passed.

There being no further business, the meeting adjourned into executive session at 11:08 a.m.

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SAN FRANCISCO PORT COMMISSION

MINUTES

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Special Meeting:
August 18, 1982

The Special Meeting of the San Francisco Port Commission was called to order by President Gartland at 9:00 a.m. for the purpose of considering the offer of Bethlehem Steel Corporation to purchase Bethlehem's San Francisco Shipyard Repair Facility.

PRESENT: Commissioner Harry Bridges
Commissioner Arthur H. Coleman
Commissioner Jack Morrison
Commissioner James J. Rudden
President Eugene L. Gartland

ALSO PRESENT: Edward L. David, Port Director
Anthony J. Taormina, Director, Planning
Ronald Stone, Director, Maritime
George Agnost, City Attorney

Mr. David reported to the Commission that adhering to the lease between Bethlehem Steel Corporation and the Port, an offer was being made to sell certain described property to the Port upon said terms and conditions. Pres. Gartland requested the letter dated 30 July 1982 be read by Dep. City Attorney to the Commission and made a part of these recorded minutes. (Attached hereto as Exhibit A.)

Mr. David stated that based upon preliminary investigation by Port staff, it was the recommendation to the Port Commission to go forward with negotiations to purchase said property. Discussion followed relevant to this purchase, with particular reference to four resolutions which the Commission would be asked to approve. Pres. Gartland asked Dep. City Attorney to explain Res. 82-77 which implements the procedure to purchase by requesting other City agencies to act. Discussion followed relevant to the time constraints involved in the purchase. Mr. Taormina next explained Res. 82-78 as a request to the Board of Supervisors for a Capital Improvements supplemental appropriation of $14 million dollars for purchase of the Bethlehem property; Res. 82-79 is a request to the Controller and the Board of Supervisors to take necessary steps to sell remaining balance of 1971 Harbor Improvement Bonds. Under Res. 82-80, staff requests the Commission to authorize a professional services contract for appraisals in connection with the acquisition of this facility.

Mr. Matt Ashe, Commercial Property Manager, described the real property to the Commission, stating that a very preliminary inventory of equipment and real estate indicates a dollar worth of $21 million.

Mr. Vello Kiisk, Chief Harbor Engineer, stated that based on comparisons with the Port of Portland facilities, and other sources, his preliminary evaluation of the Bethlehem equipment (primarily the drydocks) indicates a replacement value of #1 drydock is $22 million, and for the 65,000 ton drydock a value of $42 million. Mr. Kiisk stated that market value would be arrived at by reducing these figures by 40%, thereby giving a market value of $13 million for #1 drydock and $25million for the 65,000 ton drydock. Based on all available information, Mr. Kiisk's conservative figure for a total package would be $26 million.

At the conclusion of Port staff's presentation, Pres. Gartland invited comment from the public - Mr. Bob Hayden, Chamber of Commerce, spoke on behalf of the Executive Committee of the Chamber, who support the purchase of the property, conditioned upon its continued use as a shipyard facility.

Mr. Whitney Thornton, of San Francisco Welding, a ship repair firm, addressed the Commission stating his company's concern that a competitive atmosphere be maintained in the Bay Area ship repair industry. Therefore, Mr. Thornton stated his firm was prepared to acquire the capital equipment at your option price, provide the funding for the Port to acquire all real property, coupled with a negotiated lease to operate as a ship repair yard. Mr. Thornton was asked to provide the Commission with copies of his proposal, to which he agreed.

Mr. Mario Ciampi, architect, stated that in his opinion the acquisition of the land could be of great benefit to the City not only today but in the future as well.

Mr. Arthur Engel, Southwest Marine, urged the Port Commission to exercise its option and operate the facility as a multiple-user shipyard, thereby encouraging the Navy to come to the Bay Area for coastwise ship overhaul.

Pres. Gartland asked the members of the Commission and the City Attorney to withdraw into Executive Session; the public meeting would reconvene at 11:00 a.m.

The special meeting of the Port Commission was recalled at 11:00 a.m. and the following resolutions were approved as follows:

Res. No. 82-76, was moved by Comm. Morrison, seconded by Commissioner Coleman, approved unanimously.

Res. No. 82-77, was moved by Comm. Morrison, seconded by Comm. Bridges, approved unanimously.

Res. No. 82-78, was moved by Comm. Coleman, seconded by Comm. Morrison, approved unanimously.

Res. No. 82-79, was moved by Comm. Morrison, seconded by Comm. Rudden, approved unanimously.

Res. No. 82-80, was moved by Commissioner Morrison, seconded by Commissioner Bridges, approved unanimously.

Commissioner Coleman asked that staff explore the possibility of borrowing the necessary funding from the General Fund if it becomes necessary.

There being no further business, the meeting was adjourned at 11:07 a.m.

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# SAN FRANCISCO PORT COMMISSION

## MINUTES

Meeting of:
August 25, 1982

Next Meeting: Sept. 8, 1982

The regular meeting of the San Francisco Port Commission was called to order by President Gartland. The minutes of the meeting of July 28, 1982 were approved unanimously.

PRESENT: Commissioner Arthur E. Coleman
Commissioner Jack Morrison
Commissioner James J. Rudden
President Eugene L. Gartland

ABSENT: Commissioner Harry Bridges

ALSO PRESENT: Edward L. David, Executive Director
Anthony J. Taormina, Director, Planning
Ronald Stone, Director, Maritime

Mr. David asked permission of the Commission to be official delegate to the American Association of Port Authorities and to cast the vote of the Port Commission on all motions and resolutions. It was so ordered. Mr. David was also appointed as official delegate to the California Association of Port Authorities, which is having its convention on the 19 of September.

Finance and Administration - Mr. Kutnick requested approval of refunds and allowances in the amount of $83,425.82; it was moved by Comm. Morrison, seconded by Comm. Coleman, passed unanimously.

Commercial Property - Licenses and Leases Nos. 10634-10637 were approved by motion of Comm. Rudden, seconded by Comm. Morrison, passed unanimously.

Mr. Ashe presented a resolution adopting a rental policy for the reception area of Pier 35 on non-sailing days, establishing a fee schedule therefor; following discussion, it was so moved by Comm. Rudden, seconded by Comm. Morrison, passed unanimously to operate on a trial basis for six months.

Planning, Engineering and Maintenance -

Approval was requested to award a contract to the firms of ROMA and T.Y. Lin in joint venture to develop Pier 7 for public access; funding for this contract ($100,000) is from the Open Space Fund. It was moved by Comm. Morrison, seconded by Comm. Rudden, passed unanimously.

The Commission was requested to approve a contract modification in the amount of $11,520 to cover expenditures under the Symphony concert contract for sound system, stage rental and lighting. It was moved by Comm. Coleman, seconded by Comm. Morrison, approved unanimously.

Pres. Gartland stated the Commission would go into executive session and reconvene at 11:00 a.m.

The president reconvened the meeting and Mr. David presented a Memorandum of Understanding between the Port of San Francisco and Bethlehem Steel Corporation and Todd Shipyards Inc. and recommended its adoption by the Commission. Under the memorandum Todd would enter into a 30-year lease with the Port for real property located within the Bethlehem Shipyard. Todd Shipyards would commit to expend a minimum of $10,000,000 in capital improvements during the first five years of operations, and further, Todd would expend $1.5 million in maintenance of the yard. Also, Todd would expand employment opportunities for ship repair, and implement a job-training program. The agreement itself calls for a payment of $1.00 by the Port to Bethelehem for the real property contained with the yard, Bethlehem would be paid $14 million by Todd for the equipment within the yard, the Port would receive as rent ten percent of the appraised value of the real estate (approximately $20million, making Port's rent $2 million annually).

In response to Comm. Coleman's query, Dep. City Atty. Hermann replied that it was within the Port's discretionary power to enter into maritime leases either by negotiation or competitive bidding.

Pres. Gartland invited comment by the public; Mr. Roger Peeche, president of San Francisco Welding, responded by stating his firm was ready to match or better Todd Shipyards offer, and requested the opportunity to do so.

Ms. Norma Simmons, spokeswoman for a naval architects firm, Advanced Marine Engineering, who also requested an opportunity to submit a proposal to the Commission. Ms. Simmons indicated this proposal would be ready for submittal on the following day.

The next speaker, Mr. Carl Hansen, representing Southwest Marine, Inc., also requested the Port Commission grant his firm an opportunity to submit a proposal for consideration.

Mr. David asked the Commission to recall that in view of the fact that many capital improvement projects have, of necessity, been delayed in order to put the Port in the position to exercise its option, there is a need to move forward expediently with this decision. Time constraints impel an expeditious resolution of this matter.

Comm. Morrison moved to approve the Memorandum of Understanding, seconded by Comm. Coleman, passed unanimously.

The meeting was adjourned at 11:20 a.m. by order of the president.

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# SAN FRANCISCO PORT COMMISSION

## MINUTES

Meeting of:
September 8, 1982

Next Meeting:
September 22, 1982

The regular meeting of the San Francisco Port Commission was called to order by President Gartland at 10:05 a.m. The minutes of the meetings of August 18, and August 25, 1982 were approved unanimously.

PRESENT: Commissioner Arthur Coleman
Commissioner Harry Bridges
Commissioner James J. Rudden
Commissioner Jack Morrison
Commissioner Eugene L. Gartland

The President heard a motion to withdraw to executive session, with the meeting to reconvene at 10:30 a.m. and it was so approved.

Executive Director's Report - Mr. Taormina, Director, Planning and Research, introduced the request to enter into a contract for feasibility study re a film production center. Pres. Gartland asked Commissioner Morrison to report his findings on this matter. In response, Commissioner Morrison stated that representatives of the film industry had met with Pres. Gartland and him to discuss the possibilities of providing a film production center somewhere on Port property, north of China Basin. In order to determine whether this is viable, a feasibility study is essential both to the financing aspect as well as administrative responsibilities. The study would be financed jointly through equal contributions from the business community, the film industry, and the Port. It was therefore moved by Commissioner Rudden, seconded by Commissioner Bridges, approved unanimously to enter into a contract with Alexander, Memishian & Co.

Mr. David requested approval of the Commission of refunds and allowances for the month of August in the amount of $113,206.45; motion to approve was made by Comm. Morrison, seconded by Comm. Rudden and passed unanimously.

Mr. Taormina addressed Item 6 - a request to authorize preparation of a bid package to include both phases of the proposed Pier 3 office development and interim public plaza project. Mr. Ashe explained the mechanics of preparing the bid package and indicated that staff would submit the package for consideration at the next scheduled Commission meeting.

It was moved by Commission Morrison, seconded by Commissioner Bridges, and passed unanimously.

Item 7 - Mr. Ashe requested approval to amend Fred F. Noonan Operating Agreement in order to accommodate the Municipal Railway's cable car restoration project and bus storage needs. Following a brief explanation, it was moved by Commissioner Morrison, seconded by Commissioner Rudden, and passed unanimously to amend the operating agreement.

Item 8 - The Commission was requested to approve a food and liquor marketing test at Pier 39 to determine the feasibility of setting up a permanent facility for sale of food and beverages. The catering firm of Upton's was selected and will operate under 30-day license for this test period. It was moved by Commissioner Coleman, seconded by Commission Rudden, and unanimously approved.

Item 5 - Commission approved issuance of license and lease nos. L-10644-10645 by unanimous vote, moved by Commissioner Morrison, seconded by Commissioner Rudden.

Item 9 - Commission was asked to approve a non-exclusive agreement between Crescent Wharf & warehouse Co. and the Port at Pier 94-96 in which Crescent manages the terminal, provides stevedore and terminal services, in return for which Crescent shares in the tariff revenue generated. Following discussion, it was moved by Commissioner Morrison, seconded by Commissioner Coleman, and approved unanimously.

Item 10 - Ms. Wohl, Asst. Property Manager, reported on a proposed operational plan for the CalTrans Extension to move Southern Pacific commute trains to the Ferry Building. She indicated that parking will be somewhat affected as well as surface traffic. Dept. of Public Works is currently devising an alternate solution so that traffic is not backed up extensively. Comm. Morrison inquired about the number of passengers SP would move per day; an estimate was given of 1,000 per train with three trains per day. Comm. Bridges inquired about the crews being Southern Pacific employees; and Mr. Taormina responded that this issue whether SP or Belt Railway crews would be used is yet to be resolved. There being no action requested of the Commission, staff indicated this matter would be brought back within the next few weeks for review.

Under Item 7, Mr. Stone stated that two changes in the Operating Agreement under Paragraph 21 and Paragraph 3c needed to be addressed. The change which deals with possessory interest states: The Port will agree to pay 50 percent of any assessments of possessory interest that would occur as a result of the operation in this agreement in the future. Pres. Gartland asked that the language as read by Mr. Stone delineating the change be adopted by the Commission; it was so moved by Commissioner Coleman, seconded by Commissioner Morrison, and approved unanimously.

There being no further business, the meeting was adjourned at 11:30 a.m.

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# SAN FRANCISCO PORT COMMISSION

## MINUTES

Meeting of:
September 22, 1982

Next Meeting:
October 13, 1982

The San Francisco Port Commission met in regular session this date at 10:00 A.M.

PRESENT: Commissioners Bridges, Coleman, Cartland
Morrison, Rudden

ABSENT: None

ALSO PRESENT: Edward L. David, Port Director
Anthony J. Taormina, Director, Planning & Research
Ronald Stone, Director, Maritime

Approval of the minutes of the meeting of September 8, 1982 was requested by Mr. David; Commissioner Coleman requested the minutes be amended to reflect the addition of the words....."contingent upon receipt of funds from the business community and trade unions to match the Port's contribution" in para. two, final sentence, Page 1. With this addition, it was moved and passed unanimously to approve the minutes.

Mr. David reported to the Commission that the Bethlehem Steel Shipyard purchase was heard by the Board of Supervisors on Monday, September 20, and we were authorized to go forward, supplemental appropriation was approved by the Board. The matter will be heard for a second time on Monday, Sept. 27. Mr. David indicated that both he and Commissioner Morrison would be attending the American Association of Port Authorities convention in New York City September 27-October 1.

Mr. Taormina, as acting director of finance and administration, addressed the matter of cost center reports and monthly financial statements, stating that certain omissions and inaccuracies existed in these statements and rather than submitting incomplete information to the Commission it was decided to correct them and submit them to the Commission at a later date.

Mr. Taormina asked approval of a contract with Touche Ross & Co. in the amount of not to exceed $12,000 for the hiring of two senior auditors for a two-week period to assist in Port's year-end account reconciliation. It was moved by Comm. Morrison, seconded by Comm. Coleman, approved unanimously.

The Commission was requested to declare an emergency and approve the expenditure of $1500. to replace an air-cooled system in the computer room with three window units which are essential to safe operation of the premises. It was moved by Comm. Morrison, seconded by Commissioner Coleman, approved unanimously.

Approval was requested of a contract with D.L. Glaze Co. in an amount of $10,560 for investigation of property damage incidents; it was moved by Commissioner Morrison, seconded by Commissioner Bridges, passed unanimously.

The approval of these three contracts is conditioned upon approval by the City Attorney's office.

Mr. David informed the Commission that staff was not prepared to address the matter of Bethlehem Steel Corp. shipyard property lease and asked to put the matter over until the next Commission meeting on October 13, 1982. It was so ordered by President Gartland.

The Commission was requested to authorize the Director of Property to accept the deed to the Bethlehem Steel Shipyard lands & equipment on behal of the Port; it was so moved by Commissioner Coleman, seconded by Commissioner Rudden, passed unanimously.

Mr. Ashe, Commercial Property Manager, requested approval of license and lease nos. 10646-10649; it was moved by Commissioner Rudden, seconded by Commissioner Morrison, passed unanimously.

A professional services contract with Edgar, Dunn & Co. Inc., to perform an organizational study for the Port in an amount not to exceed $50,000 was presented for consideration. Following discussion by the Commission, it was the decision of the Commission to require greater specificity and detail in the contract text. The matter was put over until a future date when a more detailed work program can be presented for consideration.

The Commission was asked to approve a contract not to exceed $12,000 with LIZ ROBBINS ASSOCIATES for the specific purpose of accelerating the Fisherman's Wharf breakwater project by maintaining liaison with Congress and relevant federal agencies. It was moved by Commissioner Bridges, seconded by Commissioner Coleman, and passed unanimously.

The Commission authorized a modification to Janet Davis' contract in the amount of $5,288 to enable the payment of expenditures relating to the "Symphony at the Port" project which had not been provided for in the original contract. It was moved by Comm. Coleman, seconded by Commissioner Morrison, and passed unanimously.

Commissioner Coleman expressed the appreciation of staff and Commission to President Gartland for initiating and achieving the Symphony project, which in his opinion, was one of the most innovative and unique ideas to happen in San Francisco. Pr. Gartland accepted the thanks, and read a letter from Mr. John Gidwitz, Executive Director of the San Francisco.(The letter in which he extolled the exceptional job done in staging the performance is hereby made a part of the official minutes of this meeting.)

The Commission considered a proposed Memorandum of Understanding between the Port and 318 Associates for the purpose of developing a parking area in conjunction with the Roundhouse project. Following discussion of this matter, Commissioner Morrison moved approval, seconded by Commissioner Coleman, passed unanimously.

The Commission next discussed the matter of a proposal of Pier 39 Limited Partnership in regard to subleasing of slips at the Pier 39 marina. Pres. Gartland asked the Commission's pleasure regarding postponement of this matter since the proposal itself had just been placed in its hands. Commissioner Coleman stated it was his wish to put the matter over in order to allow sufficient time for a thorough perusal of the proposal, cautioning that the Commission should not place itself in a position where it would be construed to be acting in a precipitous manner. Mr. Steven Diaz, Deputy City Attorney, said that the Commission should be aware that this matter is in essence a clarification of the language of the lease not an amendment. Mr. Gordon, of Jacobs, Sills & Coblentz, asked to address the Commission, and explained that the primary purpose of this project is to build a new fixed breakwater, and that under this proposal the City would receive no less than it presently receives and in reality, the City could receive additional revenues. Mr. James C. Fowler, representing the holder of the Notes secured by the Second Deed of Trust, expressed the desire of his client, to review and comment on the proposal before the Commission prior to action of the Commission. It was therefore moved by Commissioner Coleman, seconded by Commissioner Bridges, and passed unanimously to continue the matter over to the next regular meeting for further consideration. The president further instructed Mr. Steven Diaz to provide the Commission with a brief in ample time for proper review. He further requested that if counsel from McCutcheon, Doyle, Brown & Enersen wished to do the same, he asked that such document be submitted well in advance.

The Commission was requested to approve an amendment to the Forest Terminals Corporation Marine Terminal Lease, subject to approval of form by the City Attorney. In essence, the amendment allows Forest Terminals to exercise its option and request a modification to divide the five year period into one year and four year periods. It was moved by Commissioner Morrison, seconded by Commissioner Coleman, and passed unanimously.

There being no further business, the Commission meeting was adjourned in memory of Paul Yeh, president of Evergreen Lines, who died on September 14, 1982.

An Executive Session followed for purposes of discussing a matter of litigation.

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San Francisco Port Commission

Minutes

Meeting of:
October 13, 1982

Next Meeting:
October 27, 1982

The San Francisco Port Commission met in regular session this date at 10:00 a.m.

PRESENT: Commissioners Bridges, Coleman, Gartland
Rudden

ABSENT: Commissioner Morrison

Approval of the minutes of the meeting of September 22, 1982 was passed unanimously. Pres. Gartland presented Chief Harbor Engineer Vello Kiisk an award from the American Association of Port Authorities commending the creation of the Waterfront Promenade along The Embarcadero. The Commission formally congratulated Mr. Kiisk and his staff for a job well done.

Finance and Administration -

Mr. Taormina requested approval of refunds and allowances in the amount of $128,993.13; it was so moved by Comm. Coleman, seconded by Comm. Bridges, passed unanimously.

Approval of a contract for professional services with Touche Ross & Co. for restaurant audits for the year 1982-83 in the amount of $22,000; motion was made by Comm. Coleman, seconded by Comm. Rudden, passed unanimously.

Mr. Taormina reported little progress in the Caltrans matter with the issue of storage of Southern Pacific trains as yet unresolved. SP has developed two operational plans for storing trains north or south of of the Ferry Building. Since it has been Port policy not to allow storage north of the Ferry Building, and the Redevelopment Agency has indicated its opposition to storage on the southern waterfront, discussion continues. This matter will be brought back to the Commission for finalizing.

Mr. Taormina presented Accounts Receivable (60-90 days) report, the sales and rental report for August, stating that the Port will continue the audit procedure established with Touche Ross.

Commercial Property -

License and Lease Nos. 10650 to L-10653 were approved by motion of Commissioner Bridges, seconded by Comm. Coleman, passed unanimously.

Item 6- Port Commission was asked to consider the request of Pier 39 Group to fund a new marina construction by having berth holders prepay 60-year subleases. Deputy City Attorney Steve Diaz presented a resolution

requesting authorization to execute an "agreement" in which:

1) Pier 39 holds Port harmless and defends against any claim or liability arising out of this Agreement;

2) Confirms mutual interpretation that lumpsum prepaid subleases are in accord with terms and conditions of existing Pier 39 Master Lease;

3) Port's share: The higher of either $150,000 or 2% of "adjusted" receipts from lumpsum prepaid sublease payments.

Following discussion, Mr. Diaz recommended approval of the resolution as set forth. Port staff concurred with this recommendation. Mr. Diaz further requested that should the Commission approve the resolution, the final paragraph should state that this matter will be forwarded to the Board of Supervisors for its approval.

Pres. Gartland indicated it would be appropriate at this time to hear from Mr. James Fowler, of McCutcheon, Doyle law firm, representing the holder of notes of second deed of trust. Mr. Fowler stated that his client would have no objection to calling the agreement an interpretation of the existing lease as long as the matter is forwarded to the Board of Supervisors for review and approval. Mr. Fowler further requested that the Commission (as a condition of its approval) require an opinion from the City Attorney why the Subdivision Map Act need not apply. Mr. Diaz explained to the Commission that the subleasing of berths is exempted from this Subdivision Map Act.

Following further testimony by Mr. William Coblentz and Mr. Gordon of Pier 39 Group, Comm. Coleman asked why the Port's share was computed at a low 2% of the gross. City Attorney Agnost explained that this is a result of a lawsuit, whereby we (Port) entered into a stipulated settlement, and are bound by this agreement and therefore cannot ask for a larger percentage. Comm. Coleman indicated he was satisfied and moved to approve Res. 82-97, it was seconded by Comm. Rudden, passed unanimously.

A short recess followed; the meeting was reconvened by President Gartland at 11:30 a.m.

Items 7 and 8 were deferred until the next regular meeting.

Maritime - Item 9 - Mr. Stone requested approval to incorporate the following phrase "written notice of which shall be filed with and approved by the Federal Maritime Commission" in the management agreement with Crescent Wharf and Warehouse. It was so moved by Commissioner Bridges, seconded by Comm. Rudden, passed unanimously.

Item 10 - Approval of a 30-month license with Ocean Beach Outfall Constructors/Morrison Knudsen at Pier 31, subject to approval as to form by City Attorney, was requested; it was so moved by Commissioner Rudden, seconded by Comm. Coleman, passed unanimously.

Item 11 - Mr. David asked the Commission to review and approve a sublease of Lease L-7130 from Bethlehem Steel Corp. to Todd Shipyards Corp. The sublease would be for a period no later than December 31, 1982. Mr. David explained that such a sublease could not be unreasonably withheld under the terms of the lease between Bethlehem and the Port. Pres. Gartland invited comment from the public. Mr. William Beasley, a Bethlehem Shipyard worker, addressed the Commission. An announcement was made that a tentative agreement between Todd Shipyard and the labor unions had been reached, although no confirmation had been received officially. Testimony by a number of workers followed in which their objections andconcerns were voiced regarding the Port's selection of Todd without consideration of proposals from other ship repair firms; and the fear that Todd would be moving drydock no. 2 to another location out of the Bay Area.

In response to this concern, Mr. Agnost cited the provision in the lease prohibiting the movement of any equipment for the next twenty years without the Port's permission; and further pointed out that the matter of the sublease speaks only to the 17 acres, not the entire 49 acres and is for a limited time period of less than ninety days. Following further discussion, Comm. Coleman moved to approve the sublease, seconded by Comm. Rudden, passed unanimously.

The next item introduced by Mr. David was to request approval of a negotiated lease with Todd Shipyards; Pres. Gartland asked Port Special Counsel Mr. Samuel Nemirow of Hills, Betts & Nash, to address the matter of moving the drydocks. Mr. Nemirow next read from page 20-21 of the lease which states ...."Todd will not sell, convey, intentionally destroy or remove the drydocks, the windwall frames or seven other cranes.... for aperiod of twenty years after entering into this lease, without the consent of the Port". The Port retains the right of first refusal. Should Todd attempt to move this equipment, the Port would have the right to terminate the lease, take the property and acquire the drydocks at 25% of the fair market value. Mr. Nemirow further directed the Commission's attention to the section in the lease which states..."The premises shall be used solely for the purpose of operating a shipbuilding and ship repair facility", as a further example of Todd's commitment to remaining in the San Francisco area as an industrial shipbuilding entity. Mr. Nemirow also pointed out that the lease provides that if Todd defaults (e.g., by failing to operate the facility for shipbuilding and ship repair, the Port may purchase this equipment at the then current book value.

Mr. Agnost next spoke to the Port's right to acquire property under the 1969 lease, and the very unclear right to acquire Bethlehem's personal property. He explained that Todd acquired the right to purchase the personal property by contract with Bethlehem prior to Bethlehem's delivery of its offer to the Port. He further explained that since Todd had

acquired this right, it seriously inhibited the Port's ability to consider any proposal other than Todd's since it would be within Bethlehem's right to sell the drydock and remove it from the leased premises.

President Gartland next invited public testimony on the lease and Mr. Gary Moss, representing Bethlehem shipyard workers, called on the Commission to do everything in its power to protect the workers' right to remain on the job, stressing the needs and desires of the employees to work. Further testimony was heard from Mr. Willis Beasley, Mr. Louis Torrey, Mr. Lafayette Scott, Mr. Joseph Slovnik, Mr. Manuel Sunshine, and Ms. Sandra Kahn. Following this, the Commission moved to close public testimony on this issue. Pres. Gartland stated that since no official word had been received of a settlement with the unions, it was the Commission's desire to defer action and adjourn the meeting until 9:00 a.m. Monday, October 18. Commissioner Rudden so moved, Commissioner Coleman seconded the motion to adjourn until Monday, and the motion passed unanimously.

The meeting adjourned at 1:05 p.m.

The San Francisco Port Commission meeting was reconvened at 9:01a.m. Monday, October 18 for the purpose of continuing the matter of a lease of Bethlehem Steel Shipyard facility to Todd Shipyards Corp.

Pres. Gartland stated that public debate on this matter was closed, with the Commission now ready to act on this issue. Comm. Bridges reiterated his inquiry that everyone had been heard who wished to speak on this matter. This being so, Commissioner Rudden moved to approve the lease to Todd Shipyards Corp., seconded by Commissioner Coleman, passed unanimously. The lease shall be forwarded to the Board of Supervsiors for consideration by the Finance Committee, and final consideration by the full Board.

There being no further business, the Commission adjourned at 9:15 a.m.

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# SAN FRANCISCO PORT COMMISSION

## MINUTES

Meeting of:
October 27, 1982

Next Meeting:
November 10, 1982

The San Francisco Port Commission met in regular session at 10 a.m. this date.

PRESENT: President Gartland
Commissioners Bridges, Coleman, Morrison, Rudden

ABSENT: None

ALSO PRESENT: Edward L. David, Port Director
Anthony J. Taormina, Director, Planning & Research
Diane Hermann, Deputy City Attorney

The minutes of the meeting of October 13, 1982 were unanimously approved. Mr. David presented Col. Lee of the United States Corps of Engineers to the Commission, who welcomed him to his new command. Mr. David next requested approval of a contract for professional services for Janet Davis who will be responsible for producing an annual Symphony at the Port, and other musical productions, such as the "Nutcracker Ballet" during the Christmas season. Ms. Davis will coordinate the fund-raising efforts from the corporate sector to support these cultural events. It was moved by Comm. Bridges, seconded by Comm. Morrison, approved unanimously.

Finance and Administration -

Commission was asked to approve an agreement with Joyce Robertson Heller for the purpose of creating a nautical memorabilia display for Pier 35 passenger terminal. This contract will be in an amount not to exceed $3,200; it was moved by Comm. Bridges, seconded by Commissioner Morrison, passed unanimously.

Mr. Taormina outlined briefly the Administration's new cost-sharing proposal for the Fisherman's Wharf Breakwater, which project's total cost is estimated at$16.9 million, $6.8 million for recreational benefits, the remaining $10.1 for navigational improvements. The Port would be responsible for 75% of the navigational cost, the federal government for 25%. Mr. Taormina requested the Commission to pass Resolution No. 82-113 directing the Port Director to indicate the Port's willingness to provide a higher degree of non-federal cost sharing and financing for this project. It was passed unanimously by motion of Comm. Morrison, seconded by Commissioner Rudden.

Commercial Property -

The Commission was asked to approve Res. 82-114 permitting a lease with Air Exec. Inc., for a private heliport located at China Basin. Discussion followed regarding the users of such a facility, safety and noise factors involved, concern for Port's need at some time in the future for this site. Following discussion, it was the decision of the Commission to put the matter over for two weeks for further consideration.

The Commission next considered the matter of a bid package for development of Pier 3 bulkhead building. Mr. Matt Ashe, Property Manager, explained the particulars of the bid proposal. After discussion by the Commission, it was the decision to defer this matter for two weeks. Pres. Gartland suggested staff meet with the Navy to discuss the possibility of the Navy utilizing Pier 3 for ceremonies. Mr. Taormina requested the Commission to consider a formal request by Fresno Partners for permanent berthing on the outboard northside of Pier 3 and elimination of bar/restaurant/retail use and substitution of office use for the Ferryboat FRESNO. Discussion followed; it was then moved by Commissioner Morrison, seconded by Commissioner Coleman, passed unanimously.

Mr. Vello Kiisk, Chief Harbor Engineer, requested approval of the Commission to award contracts for painting of Pier 80 Starporter Container Crane to Jeffco Painting & Coatings for the lump sum price of $39,210. and for removal of bridge crane and drop pit table from The Roundhouse at SWL 318 to Dalzell Corp. for a lump sum price of $13,560. It was moved by Commissioner Bridges, seconded by Commissioner Morrison, passed unanimously.

The Commission was asked to consider a modification to Vickerman, Zachary & Miller contract for an amount of $35,000 for the purpose of printing an executive summary report for marketing of Phase I expansion of the container terminal. The Commission requested staff to provide more specific data to support this figure and return to the Commission at a later date for further consideration.

The Commission withdrew into executive session at 11:25 a.m.

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# SAN FRANCISCO PORT COMMISSION

## MINUTES

Meeting of:
November 10, 1982

Next Meeting:
November 24, 1982

The regular meeting of the San Francisco Port Commission convened at 10:00 a.m. by order of President Eugene Gartland.

PRESENT: Commissioners Bridges, Coleman, Gartland
Morrison, Rudden

ABSENT: None

ALSO PRESENT: Edward L. David, Executive Director
Anthony J. Taormina, Director, Planning & Research
George Agnost, City Attorney

The minutes of the meeting of October 27, 1982 were approved by unanimous vote. Item 8 - requesting approval of bid package for Pier 3 - was put over until the next regular meeting. In deference to City Attorney's presence, the matter of Items 12 through 15 was placed before the Commission for immediate consideration. Mr. Diaz, Deputy City Attorney, explained that these four items represent four elements of a program by which the Port and the City will become the ultimate holder in fee of the Bethlehem Steel Shipyard, through which it will terminate its existing relationship with the Bethlehem Steel Company, and Todd Shipyard Corp. will come in and operate the yard for the next 30 years, and pay rent to the Port during that time. Mr. Gartland asked for a motion approving Res. No. 124 (approving purchase and sale of real estate); it was moved by Comm. Morrison, seconded by Commissioner Coleman, approved unanimously. It was next moved to approve Resolution No. 125, agreement terminating Lease #L7130, by motion of Commissioner Morrison, seconded by Comm. Rudden, passed unanimously. Item 14, the resolution approving Sublease L-10568 allowing Todd Shipyard the temporary use of the premises, was next approved by motion of Comm. Bridges, seconded by Commissioner Coleman, passed unanimously. The final item, Resolution No. 126, requesting Board of Supervisors to authorize the Director of Property to accept the deed of property, was moved by Commissioner Morrison, seconded by Commissioner Rudden, passed unanimously.

The Commission, returning to the order of the agenda, next considered Item 3a - a request from Continental Development Corp. for a change in Schedule E of the Development Agreement. The Commission was asked by Mr. Gene Mays, Senior Vice Pres., of Continental to grant a change in the pro forma schedule, necessitated by delays in the EIR certification which Continental has encountered. Commissioner Morrison queried Mr. Mays re tentative starting dates for construction. Mr. Mays replied that if the EIR is certified in February, and all other agencies approvals are obtained, construction of Pier 1 - World Trade Center

Agriculture Building could begin the third quarter of 1983. By fastracking both projects, completion could possibly be late 1985. Construction of the Ferry Building itself would not be until late 1984, 1985 and completion would be late 1986, 1987. Costs for this project are now estimated at $180 million. It was moved by Commissioner Rudden, seconded by Commissioner Rudden, passed unanimously to approve a change in Schedule E.

Mr. David asked the Commission to approve a personal services contract with the firm of Edgar, Dunn & Company for the purpose of reorganization. Discussion followed pertinent to the detailed work plan submitted by Mr.Edgar, with the Commission voicing its concern for a high degree of participation by both staff and the Commission throughout the study. Mr. Edgar assured the Commission that his staff intends to meet on a regular basis, either weekly or bi-weekly, with senior management staff and the Commission. in order to ensure this total involvement. It was moved by Commissioner Coleman, seconded by Commissioner Morrison, passed unanimously.

Mr. Taormina asked the Commission to modify a professional services contract with Environmental Science Associates, Inc. by reducing the amount of the contract by $30,000. The work scope of the ESA contract has been revised due to deferment of several projects. It was moved by Commissioner Rudden, seconded by Commissioner Bridges, passed unanimously.

Item 5 - the proposed extension of the Southern Pacific commute service to the Ferry Building. Mr. Norman Kelly, District Director of CalTrans, presented an update of the commuter extension plan, stating it was CalTrans hope to have limited train service to the Ferry Building on an interim basis. Next, Mr. Kelly briefly outlined an agreement betwee CalTrans and the Port (Exhibit A) and asked for the Commission's approval of this agreement. Mr. Fred Barton, of CalTrans, spoke to the logistics of the proposal, indicating the times and headway involved, and the storage of the trains during the day. Mr. David stated he had received a letter from Mr. Wilbur Hamilton, Executive Director, of the Redevelopment Agency, objecting to CalTrans proposal on the basis of its own proposed Rincon Annex-South Beach project in the same area. Mr. Gene Mays, of Continental Development Corp., asked the Commission's careful examination of CalTrans' request since this service would impact significantly both economically and aesthetically on the Ferry Building restoration. Mr. Robert Katz, Telegraph Hill Dwellers' Assn., inquired as to the length of trains, and the total amount of time involved in bringing the trains to the Ferry Building, and their interim storage. His concern was also to streets and intersections which would be used. CalTrans will supply Mr. Katz with a Traffic Study which has been done jointly with Dept. of Public Works. Mr. Michael Stecher, of the law firm of Silver, Rosen & Stecher, Port's counsel, advised that negotiations were still ongoing with CalTrans, and that certain Port interests, such as the movement of freight, have not been adequately addressed at this time. Commissioner Coleman suggested using Pier 24 rather than the Ferry Building as a compromise or alternative location.

Following discussion, Pres. Gartland stated that on the motion of Commissioner Morrison, counsel will prepare a letter to be sent by the Executive Director to Jeffrey Lee, Director of Public Works, detailing certain items which have been negotiated. In the interim, those problem areas will be worked out between Mr. Stecher and CalTrans, and the Commission will review this matter further at the next scheduled meeting. The motion was seconded by Commissioner Rudden, and passed unanimously.

Mr. Taormina requested Commission approval to re-appropriate funds which were set aside for the purchase of Bethlehem Steel Shipyard. It was moved by Commissioner Morrison, seconded by Commissioner Rudden to approve supplemental appropriations totaling $14,000,000. Motion was passed unanimously.

Commercial Property -

Mr. Ashe, Property Manager, requested Commission approval of License Nos. L-10654-10659, 20650, and 10276. It was moved by Commissioner Morrison, seconded by Commissioner Coleman, passed unanimously.

Item 9 - The Commission considered for a second hearing the request by Air Exec Inc. to lease a parcel on China Basin Street, a portion of SWL 337 for the operation of a private heliport. This lease would be for a period of five years, plus 2 one year options. Mr. Van Egri, representing Telegraph Hill Dwellers, voiced his concerns regarding flight corridors over the City, particularly with regard to safety and noise factors and was assured that final lease documents would reflect the necessary safeguards. Mr. Ken Chase, president of Spirit Airways, asked the Commission to deny the request for an additional heliport operation on the grounds of creating a safety hazard to existing operations. Mr. Robert Katz, Telegraph Hill Dwellers, requested certain language changes be made in the final lease documents to restrict landing site operations. Following this request, it was moved by Commissioner Morrison, seconded by Commissioner Coleman, passed unanimously, that the City Attorney draft a final lease, and return to the Commission for final approval.

Item 10 - The Commission was requested to approve the inclusion of musical entertainment in permitted uses at the establishment, Pier Inn, located in the bulkhead building between Piers 33 and 35. It was moved by Commissioner Morrison, seconded by Commissioner Rudden, passed unanimously.

Item 11 - Notice of Public Hearing to Amend Leasing Policy - This item was put over for review at a subsequent meeting.

There being no further business, the Commission meeting adjourned for an Executive Session at 11:30 a.m.

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SAN FRANCISCO PORT COMMISSION

MINUTES

Meeting of:
November 24, 1982

Next Meeting:
December 16, 1982

The regular meeting of the San Francisco Port Commission was called to order by Vice President Arthur H. Coleman, presiding for Pres. Gartland who was out of town.

PRESENT: Commissioners Harry Bridges, Arthur Coleman, Jack Morrison, James J. Rudden

ABSENT: President Eugene Gartland

ALSO PRESENT: Edward L. David, Executive Director
Anthony J. Taormina, Director, Planning & Research
Ronald Stone, Director, Maritime

Minutes of the meeting of November 10, 1982 were approved unanimously.

Mr. David introduced the request from Continental Development Corp. to modify the retail/restaurant space limitation for the Ferry Building project, and presented Mr. William Coblentz to speak for Continental. Mr. Coblentz stated the request is to increase the square footage from 115,000 to 165,000 of retail and restaurant space, citing a valuation report from Gimmy Valuation Associates depicting two scenarios of which only the increase to 165,000 s.f. of retail usage would make the Ferry Building project marginally economically feasible. Mr. Gimmy of Gimmy Associates stated that the office rental was a "soft-market" and therefore to make the project financially successful it is necessary to request this change. Mr. Mays explained how the Corporation would endeavor to work within the constraints of the development agreement and make the project a success financially.

Mr. Chris Martin, representing Fisherman's Wharf Merchants Association, spoke in opposition to increasing the retail square footage, citing an oversupply of restaurants and retail already in San Francisco, and the current economic crisis as primary reasons for opposing this request by Continental.

Mr. John Elberling, Northeast Waterfront Advisory Committee, stated he is a strong advocate of the Ferry Building rehabilitation, but that the objections and concerns about a glut of retail and restaurants in San Francisco are valid and the developers should consider phasing the project to achieve more flexibility and feasibility in financing.

Commissioner Morrison moved to approve the increase from 115,000 to 165,000, observing that the guideline of 1/3 - 2/3 apportionment is still being adhered to, Commissioner Rudden seconded the motion, and it was passed unanimously. Commissioner Morrison stated that it was his feeling the Valuation Appraisal should be made available for examination by interested parties.

Mr. David introduced Lieutenant Patterson of the Fire Department, who will be replacing Captain Crispin as the Port's Fire Marshal.

Mr. Taormina presented an agreement between the Port, the State Department of Transportation (CalTrans) and the Southern Pacific Transportation Company under which SP would extend its commuter service to the Ferry Building for an interim period of one year. Mr. Norman Kelly, Director of CalTrans, stated CalTrans intention to complement Port activity in this service and to cooperate fully in this endeavor. Mr. Victor Weiser, State Public Utilities Commission, stated it was the contention of his agency that extension of commuter service to a more convenient downtown location was the best solution to the problem of higher fares/lower ridership in the Bay Area; therefore, are most supportive of the Agreement.

Mr. Robert Katz, representing Telegraph Hill Dwellers' Association, expressed concern about the noise factor, safety hazards involved in crossing traffic intersections, and the temporary aspect of the project once it was established.

Other speakers supporting the passage of the agreement were Mr. John Burke, Transportation Union representative, Mr. Tony Bruzoni, Municipal Railway, and Mr. Norman Rolfe, San Francisco Tomorrow, who qualified his support as being for a trial basis of the project, with the caveat that other projects in the area not be endangered.

It was then moved by Commissioner Morrison, seconded by Commissioner Rudden, and passed by a three to one vote,(Commissioner Coleman dissenting), to enter into an agreement with CalTrans, Southern Pacific, said agreement conditioned upon approval of City Attorney and Public Utilities counsel. Commissioner Coleman stated he objected on the environmental level since it was his feeling that the noise factor would be considerable. Secondly, he had serious reservations concerning how temporary this service would be once it was implemented.

Item 5 - Refunds and Allowances in the amount of $150,480.32 was approved by motion of Commissioner Morrison, seconded by Commissioner Bridges, passed unanimously.

Item 6 - Approval of licenses and leases nos. 10435, 10660, and 10661 was passed by motion of Commissioner Rudden, seconded by Commissioner Morrison, and unanimous vote.

Item 7 - A request to approve bid package for office development in Pier 3 bulkhead was put over until further discussion by the Commission on a corresponding matter of Pier 5's development, in response to a request from the tenant.

Item 8 - Mr. Matt Ashe, Property Manager, presented a request from Embarcadero Enterprises Inc. (Lou Maglulio) tenant at Pier 33 bulkhead building. as an alternate solution to the default situation in which they presently find themselves. Mr. Richard Wall, attorney for Mr. Maglulio, presented a proposal by which the default would be cured, and the new developer would be permitted to utilize this area for office space. Mr. David interjected that such a change of use would not be possible under BCDC regulations and therefore discussion along these lines would be pointless. Mr. Taormina indicated the Port will be notifying Mr. Maglulio that he has 30 days to cure the default, or vacate the premises. There was no action taken on this matter.

At the request of the Executive Director, the Commission withdrew to Executive session. The meeting concluded at 12:30 p.m.

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San Francisco Port Commission

MINUTES

Meeting of: December 16, 1982 Next Meeting: January 12, 1983

The regular meeting of the San Francisco Port Commission was called to order by President Eugene L. Gartland. Pres. Gartland presented Mayor Dianne Feinstein who addressed the Commission. The Mayor commended Commissioner Harry Bridges on his long and faithful service to the City and the Port, and presented a watercolor of the Port of San Francisco to him on his retirement. The Mayor congratulated the Port Commission on the bethlehem-Todd Shipyard agreement, emphasizing the importance to the City of revitalizing the ship repair and building industry. Further, she commented on specific areas of performance, indicating her approval of the past year, and her ehtusiasm and confidence for a most successful new year under the continued leadership of this Commission.

PRESENT: Commissioners Eugene L. Gartland, Arthur H. Coleman, Harry Bridges, Jack Morrison, James J. Rudden

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ABSENT: None

ALSO PRESENT: Edward L. David, Executive Director
Anthony J. Taormina, Deputy Director
Ronald Stone, Deputy Director

The minutes of the meeting of November 24, 1982 were unanimously approved. Items 7 and 9 were put over until the next regular meeting. Mr. Taormina requested approval of the dates as published for Commission meetings for the year 1983. (See attached.) Commission so approved.

The Commission was asked to approve a modification to Janet Davis' contract whereby "non-Port and Port facilities shall be authorized locations for musical and dramatic presentations sponsored by the Port Commission"; said modification was necessitated by the omission of this provision in the original contract. It was therefore moved by Commission Rudden, seconded by Commissioner Coleman, passed unanimously.

President Gartland informed the Commission of the great success of the Port's latest presentation "A Christmas Carol" for underprivileged and handicapped children which was performed by the American Conservatory Theatre at the Geary Theatre. He indicated in order to better facilitate such presenations as these by the Port, a non-profit corporation is to be formed enlisting the participation of interested corporations.

Mr. Taormina presented a list of refunds and allowances in the amount of $99,918.45 for approval; it was so moved by Commissioner Morrison, seconded by Commissioner Bridges, and approved unanimously. Mr. Taormina indicated that the Touche Ross audit had revealed some understated revenue which will be collected.

Mr. Ashe requested approval of license and lease nos. 10662-L through 10667; it was so moved by Commissioner Morrison, seconded by Commissioner Bridges, and passed unanimously.

Public hearing was approved to consider amendment to Scoma lease L-8996 and amendment to United Shellfish lease L-9170 for the purpose of relocating a storage/ice house by motion of Comm. Morrison, seconded by Comm. Bridges, passed unanimously.

The meeting adjourned at 3:55 p.m. by unanimous decision.

SAN FRANCISCO PORT COMMISSION

MINUTES

Meeting of:
January 12, 1983

Next Meeting:
January 26, 1983

The regular meeting of the San Francisco Port Commission was called to order by President Gartland at 10:00 a.m.

PRESENT: Arthur H. Coleman, Commissioner
Eugene L. Gartland, Commissioner
James R. Herman, Commissioner
Jack Morrison, Commissioner
James J. Rudden, Commissioner

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ABSENT: Edward L. David, Executive Director

ALSO PRESENT: Anthony J. Taormina, Director, Planning & Research
Ronald Stone, Director, Maritime

The minutes of the meeting of December 16, 1982 were unanimously approved.

President Gartland introduced Ms. Angela Karikas, Deputy City Attorney, who is taking Ms. Diane Hermann's place as Counsel for the Port. The president welcomed Miss Karikas, and expressed the Commission's gratitude and recognition of Miss Hermann's efforts during her time at the Port, particularly with regard to the Todd/Bethlehem Shipyard facility.

Executive Director Report -

Mr. Taormina, in Mr. David's absence, informed the Commission that staff is preparing Mayor's 1982-83 budget and the MBO evaluation standards. At the meeting of February 9, 1983 Commission will be presented with these standards for review. Pres. Gartland indicated the Commission will work with division heads, following the procedure established last yea

Finance and Administration -

Mr. Taormina requested approval for a supplemental appropriation in the amount of $100,000 for City Attorney services, necessitated by the unanticipated legal work, particularly Todd/Bethlehem matter. It was moved by Commissioner Morrison, seconded by Commissioner Rudden, passed unanimously to approve said resolution no. 82-84.

Item 5 - This item continued until the meeting of January 26, 1983.

Item 6 - Announcement of public hearing of proposed rules and regulations for heliports and helistops scheduled for January 26, 1983.

Commercial Property -

7a & 7b Public hearing to consider amendment of Scoma Lease L-8996
Public hearing to consider amendment of United Shellfish Lease L-9170

Mr. Ashe explained the tenants involved desired to relocate the ice house facility to better facilitate public views and access. Discussion ensued; testimony was heard from a representative from Scoma's who stated that both parties had reached agreement on relocation of the facility and would appreciate receiving the Commission's approval. Following discussion by the Commission regarding the length of lease being offered, it was the Commission's decision to pass Res. No. 83-134 authorizing Mr. Ashe to complete negotiations and return to the Commission for final approval; the key issue to be negotiated being the duration of the lease.

Approval of licenses and leases nos. 10668 through 10673 was passed by motion of Commissioner Morrison, seconded by Commission Herman, unanimously.

Item 9 - Res. 83-2 authorizing Crowley Constructors, Inc. to make necessary repairs at Pier 43½ under an emergency situation, and allowing the amortization of the cost of repairs in the amount of not to exceed $40,000, such amortization to commence July 1, 1983, was passed on motion of Commissioner Herman, seconded by Comm. Rudden, unanimously.

Item 10 - Mr. Taormina asked that this item be put over for two weeks.

Planning & Engineering

Item 11 - Approval of a contract for professional services with Ms. Renee Thompson to assist the Port in undertaking consultant services consistent with Human Rights Commission goals and objectives was requested. Discussion followed relative to fees involved for these services. Mr. Taormina explained that final details are still being worked, and requested the Commission to approve the scope of the work program, and authorize staff to conclude final negotiations. It was moved by Commissioner Coleman, seconded by Commissioner Morrison, passed unanimously to approve scope of the work program, and instructed staff to finalize all details and return for final approval.

Dr. Randy Rossi delivered a status report on the I-280 Transfer Concept Program and detailed the seven alternatives currently being studied by the City, Caltrans and Metropolitan Transportation Commission, and then summarized briefly the implication of the study to the Port land use.

A report on proposed ordinance designating Northeast Waterfront as an Historic District was next presented. Rossi explained the Landmarks Preservation Advisory Board has suggested the area of approximately 12 blocks, bounded by The Embarcadero, Union, Broadway, and Montgomery Streets be designated an Historic District. Comm. Morrison commented, that recognizing a need for such an historical designation, he nonetheless felt the Port needed to have some protections written into the proposed legislation. Dr. Rossi stated that it was his feeling that Port should go on record to the Board that it has commercial property objectives and development objectives. Mr. Taormina indicated that staff would prepare a policy statement for the Commission's review at the next meeting.

Item 14 - The Commission was requested to adopt resolution no. 83-1 directing staff to prepare a Request for Qualifications and Proposals for the entire Pier 3 development. Pres. Gartland specified that a form of lease is to be included in the bid package. It was so moved by Commissioner Morrison, seconded by Commissioner Rudden, passed unanimously.

At 11:35 a.m. the Commission withdrew to executive session.

SAN FRANCISCO PORT COMMISSION

83

MINUTES

Meeting of:
January 26, 1983

Next Meeting:
February 9, 1983

The regular meeting of the Port Commission was called to order by President Gartland at 10:00 a.m.

PRESENT: Arthur H. Coleman, Vice President
Eugene L. Gartland, President
Jack Morrison, Commissioner
James J. Rudden, Commissioner

ABSENT: James R. Herman, Commissioner

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ALSO PRESENT: Edward L. David, Executive Director
Anthony J. Taormina, Director, Planning & Research
Ronald Stone, Director, Maritime

The minutes of the meeting of January 12, 1983 were approved by unanimous vote. Mr. David requested the Commission put over Items 6(a)and(b),9a, 10(a) and (b) until the next meeting; it was so ordered by the president.

Finance and Administration

4. Refunds and allowances in the amount of $184,318.08 were approved by motion of Commissioner Morrison, seconded by Commissioner Rudden, passed unanimously.

5. Mr. Taormina indicated the preliminary engineering report on Hyde Street Pier/Fisherman's Wharf in draft form was received and copies made available for Commission review. Staff will report to the Commission on February 9 with a recommendation for implementing this project without federal support. Pres. Gartland requested additional copies of the Preliminary Report be available for interested organizations; an announcement of a workshop to discuss the Fisherman's Wharf breakwater project on Monday, January 31 was made by Dr. Rossi, who next presented an overall status report on FWAP. Briefly, he touched on four alternatives considered by Bechtel for the breakwater configuration, suggesting the Commission keep these in mind when reviewing the report.

Testimony was heard from Mr. Pat Flanagan, of Fisherman's Wharf Merchants Assn., who read a letter from Congressman Burton, urging the implementation of the project. Mr. Chris Martin reiterated the importance of the breakwater to the City, suggesting strongly the Port put expenditures for this construction in the 1983-84 budget as a priority objective.

Commercial Property

7. License and Lease Nos. 10674-10678 were approved by motion of Commissioner Rudden, seconded by Commissioner Coleman, passed unanimously.

8. Commission was requested to approve a resolution approving evening piano entertainment at Sinbad's Restaurant - Pier 2. It was so moved by Commissioner Morrison, seconded by Commissioner Rudden, passed unanimously.

9. Commission was requested to approve a resolution approving dancing to Turk Murphy's band at Earthquake McGoon's - Pier 39; it was so moved by Commissioner Coleman, seconded by Commissioner Morrison, passed unanimously.

11. Commission was asked to approve a request to prepare plans and specifications and solicit bids from independent contractors for repair of fire house substructure, which is estimated at approximately $50,000. Comm. Morrison inquired about the possibility of the Fire department funding this instead of the Port; discussion followed regarding a consolidation of efforts by the Navy, Port of Oakland and Port of San Francisco in manning one fireboat rather than three vessels. Motion to approve Res. No. 83-7 was made by Commissioner Coleman, seconded by Commissioner Rudden, passed unanimously.

Commission withdrew to executive session at 10:50 a.m. All matters discussed were postponed for further investigation.
At the conclusion of the executive session, the meeting adjourned at 11:30 a.m. by order of the president.

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# SAN FRANCISCO PORT COMMISSION

## MINUTES

Meeting of:
February 10, 1983

Next Meeting:
February 23, 1983

The regular meeting of the Port Commission was called to order by President Gartland at 10:00 a.m.

PRESENT: Commissioner Arthur Coleman
Commissioner James R. Herman
Commissioner Eugene Gartland
Commissioner Jack Morrison
Commissioner James J. Rudden

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ABSENT: None

ALSO PRESENT: Anthony J. Taormina, Director, Planning and Research
Ronald Stone, Director, Maritime Affairs

In Mr. David's absence, Mr. Taormina requested the Commission put over Items 5 & 10 for two weeks; this was so ordered. The minutes of the last meeting of January 26, 1983 were unanimously approved. Items 12 and 13 were considered out of order. Dr. Randy Rossi reported on the recent Fisherman's Wharf Action Plan workshop held on January 31, indicating it was well attended and generally successful. He summarized the divergent views of the participants, and presented the recommended breakwater plan which is a compromise to accommodate these viewpoints. Commissioner Morrison inquired about the difference in cost for the optimum plan and the modified plan, which is about $6million. President Gartland invited comment from the public; Mr. Mike Berline, Committee to Save Aquatic Park, testified basically they would support this plan, with their concern being to limit GGNRA's intrusion into the park. John Davis, GGNRA, stated his organization would support this as an alternative, acknowledging however the limitations such a plan would impose on future enlargement of the historic fleet. Mr. Jim Knox read a statement from Senator Milton Marks strongly supporting the implementation of the breakwater construction. At the conclusion of the public testimony, it was moved by Commissioner Morrison, seconded by Commissioner Coleman, passed unanimously to approve Resolution 83-11 which directs staff to proceed with further technical studies and environmental clearance for the breakwater.

Item 3 - Executive Director's Report - Mr. Taormina informed the Commission that the Roundhouse project, SWL 318 Associates, has received its Certificate of Appropriateness from City Planning, a major step in the approval process.

Mr. Taormina requested approval of Res. 83-14 to expend the sum of $15,000 in monies for necessary equipment and work in conjunction with the visit of the Queen to San Francisco. Motion was made by Commissioner Rudden, seconded by Commissioner Morrison, passed unanimously.

Finance and Administration

4. Commission was requested to approve refunds and allowances in the amount of $53,143.56; it was moved by Commissioner Coleman, seconded by Commissioner Rudden, approved unanimously. Commissioner Coleman requested particular attention be given to the numerous billing errors which occur; Mr. Taormina stated this will be given high priority in the objectives of fiscal year 1983-84 together with furnishing a monthly financial statement to the Commission.

6. Approval of a contract in the amount of $67,000 with Hills, Betts and Nash in conjunction with the purchase of Bethlehem Shipyards was requested; it was so moved by Commissioner Coleman, seconded by Commissioner Rudden, passed unanimously.

7. Recommended management goals and objectives for the budget year 1983-84 were delineated for Commission review; a comparison between last year's goals and the oncoming year was invited by including last year's list. Mr. Taormina emphasized the direct relationship between the proposed budget and the stated objectives. Dr. Coleman commented that it was possible to do a job sometimes with less money! Following this brief outline, Mr. Taormina stated that staff would be prepared to answer specific questions on these objectives and the budget at the next meeting on February 23. Commissioner Morrison stated he would request staff at the next meeting to be prepared to go objective by objective for the 1982-83 list.

Commercial Property

8. License and lease nos. 10679-10681 were approved by motion of Commissioner Coleman, seconded by Commissioner Herman, passed unanimously.

8a. Approval of license to Bay Corp. for valet parking was moved by Commissioner Morrison, seconded by Commissioner Coleman, passed unanimously, with the following changes - standard agreement states this license is subject to rental rate adjustments, secondly, license will automatically terminate on March 21,1983 unless all defaults under Bay Conservation and Development Commission (BCDC)program are cured.

9. A sublease from Bell Smoked Fish to A.S.S.T. Corp. was requested by staff (approval of subtenancy subject to approval by the City Attorney); it was so moved by Commissioner Morrison, seconded by Commissioner Rudden, passed unanimously.

Planning and Engineering

11. Commission was requested to adopt Res. No. 83-10 endorsing the creation of an Historic District; Commissioner Morrison suggested the Commission adopt the resolution with the following change in language - "Resolved, that it is the understanding of the Port Commission that the appropriateness Review Process shall not be used to prevent development or substantially reduce the size of development otherwise allowable under exisitng Comprehensive Plan, zoning, height and bulk regulations for the site, but rather, shall be used only to review other aspects of design that may be related to historic compatibility". Discussion followed; Commissioner Herman inquired as to how historic compatibility would be defined. Mr. Jonathan Malone, Secretary of Landmarks Board, suggested the following: seeking a sense of continuity, not jarring the character of the district, trying to arrive at a design for new construction that relates to the patterns, rhythm, the materials used in historic buildings, not looking for replications, or for a drastic contrast.

It was so moved by Commissioner Morrison, seconded by Commissioner Rudden, to adopt Res. No. 83-10 with the suggested language change, and passed unanimously.

Commission withdrew to executive session. At 11:05 a.m. meeting was reconvened - it was the decision of the Commission to settle the California Close litigation under the conditions and terms herewith agreed to.

The meeting of the Port Commission adjourned at 11:15 a.m.

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SAN FRANCISCO PORT COMMISSION

MINUTES

Meeting of: February 23, 1983 Next Meeting: March 9, 1983

The regular meeting of the Port Commission was called to order by President Gartland at 10:05 a.m. The minutes of the meeting of February 10, 1983 were approved with one correction: "second resolve clause of Res. 83-10 is deleted, staff is directed to consult with City Planning and report back to Commission within two weeks as to the reation to proposed second paragraph by the Planning Commission".

PRESENT: President Eugene Gartland
Arthur H. Coleman, Vice President
Commissioner James R. Herman
Commissioner Jack Morrison
Commissioner James J. Rudden

Mr. David requested Items 4 and 6 be put over for two weeks; Commission approved the postponement. Mr. David requested the Commission to consider Res. 83-16 as a statement of policy of the Commission in support of Continental Development Corporation's request for certification of the Environmental Impact Report (EIR). Following discussion, it was the decision of the Commission, being assured they are not encumbered beyond a policy statement, to pass Res. 83-16 unanimously. Mr. John Elberling, representing San Franciscans for Reasonable Growth, stated his objections to the resolution as "being inappropriate and lacking vision by those who would approve the approach of a garage on the Embarcadero's northern border". Responding to this statement, Commissioner Morrison indicated this resolution calls for possible joint development of this parcel thereby allowing a more environmentally suitable solution. "Secondly, much time has been expended wrestling with this issue by the Commission, and it is now necessary to move forward with this project", stated Morrison. Motion to approve by unanimous vote was carried. Commissioner Herman reiterated his statement that "by passage of this resolution the Commission was committing itself only to defining policy".

Commission was requested to approve the use of Sheds A and C on Pier 45 by the Fisherman's Wharf Tenants Association (a new community organization) for the period October 7-10, 1983 for an Italian festival to promote Fisherman's Wharf. Request was made for use of the area at no cost, other than providing proper insurance coverage. Discussion followed, and it was moved by Commissioner Coleman, seconded by Commissioner Rudden, passed unanimously to approve this request.

Mr. David reported to the Commission that he will be working with staff to develop a standard of procedures for background investigations with regard to rental policy.

FINANCE AND ADMINISTRATION

Item 4. Contract with Manatt, Phelps, Rothenberg & Tunney

Mr. Taormina indicated this item was carried forward from previous meetings, and that staff was not prepared to discuss the matter since no further itemization from this firm had been received prior to the Commission meeting. Mr. David indicated he would be requesting the firm to perform an additional task under the contract price, and upon its completion, would come back to the Commission for approval to expend these monies. Pres. Gartland suggested the submission of a computer readout of their

Item 4 - Request to approve contract with Manatt, Phelps, Rothenberg & Tunney

time by this firm prior to payment of the invoice. Commissioner Morrison moved to defer this matter for two weeks, and the motion was unanimously passed.

Item 5 - Mr. Taormina presented the Commission with a draft uncorrected budget for FY 1983-84 together with copies of 1983-84 management goals and objectives. Mr. Taormina detailed the components of the budget, indicating this step as an overview of the '83-84estimates. The Commission will receive a refined, corrected copy of the budget for review on March 7; a public hearing will be held on March 9, 1983. The budget must be approved and forwarded to the Mayor prior to April 1, 1983.

Discussion followed on the comparative goals for years '82-83 and '83-84. Staff responded to queries by the Commission with particular reference to maritime targets, and quarterly reporting. The Commission reitereated its strong desire for reporting on a quarterly basis in order to better identify any problems at the earliest indication. A detailed examination of goals for the previous year and achievement thereof ensued, followed by discussion on the objectives set for the coming year for all divisions. Specific areas which were of concern to the Commission included: recapturing a greater percentage of cargo market, better utilization of the northern waterfront, achieving modernization of the southern waterfront, provision for properly maintaining the passenger terminal, addressing the absenteeism issue in maintenance as well as overall Port employment. Commissioner Morrison expressed concern that the format of the report includes information that does not reconcile with Port's objectives and in addition contains a number of errors. Staff was urged to correct this in the future and provide the Commission with quarterly reports enabling it to identify performance achievement against specific objectives.

There was further discussion regarding increased emphasis on minority hiring, a proposed community education program and newsletter. It was the decision of the Commission to review and consider both management goals and budget for FY '83-4 at the public hearing on March 9, 1983.

The Commission withdrew to executive session at 11:15 A.M. No action was taken. Meeting was reconvened and the following matters were considered. A new category - New Business - will be included in all future Commission agenda, by motion of Commissioner Morrison, seconded by Commissioner Coleman, passed unanimously.

Staff was directed to report on Norcal's request for funding to undertake cargo projects, and report its findings to the Commission.

Travel to Washington, D.C. was approved by the Commission to allow Port Director to attend the American Association of Port Authorities in April in order to present the Port's bid to hold the AAPA Spring Convention 1988 in San Francisco.

There being no further business, the meeting was concluded at 12:10 P.M.

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# SAN FRANCISCO PORT COMMISSION

## MINUTES

Meeting of:
March 9, 1983

Next Meeting:
March 23, 1983

The meeting of the Port Commission was called to order by President Gartland at 10:00 A.M. The minutes of the meeting of February 23, 1983 were approved unanimously.

PRESENT: Eugene L. Gartland, Pres.
Arthur H. Coleman, Vice Pres.
James J. Herman
Jack Morrison
James J. Rudden

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ABSENT: None

ALSO PRESENT: Edward L. David, Executive Director
Anthony J. Taormina, Director, Planning
Ronald Stone, Director, Maritime Affairs
John Conrad, Director, Finance & Administration

Mr. David reported that two matters are being considered by the Board of Supervisors which are Port-related - the assignment of the Fresno ferryboat lease and the establishment of a policy regarding heliports in San Francisco. Mr. David also indicated there would be a public hearing on the Fisherman's Wharf Action Plan by the Department of City Planning on March 10, with respect to an EIR for the breakwater. The Commission was next apprised of the developments re Continental Development Corporation's EIR public hearing originally scheduled for March, now deferred until April. Mr. David next reported negotiations are in progress with S.F. Welding for a lease on Pier 50 for ship-repair purposes. Pres. Gartland cautioned the Director to ensure that any lease of that facility must have an overriding clause for a higher maritime use. Discussion followed regarding the need to adhere to the maritime policy adopted in 1979 which restricts the use of the pier to development of breakbulk cargo. The comparative merits of Piers 27-29 as one of the best breakbulk facilities in existence were mentioned, the problem of ingress and egress being cited as the reason for its disuse. Commission directed staff to include on the agenda under new business for the meeting of March 23 consideration of the maritime policy with reference to Pier 50 and report back to the Commission the language pertaining to higher and better maritime use in order to satisfy the concerns expressed thereto.

Item 5 - Consideration of contract with Manatt, Phelps, Rothenberg and Tunney was put over until March 23, 1983 pending review of additional timesheets.

Item 6 - Mr. Conrad, Director of Finance, addressed the matter of a lease assignment for the Crow's Nest Restaurant, stating reasons why this matter should be put over for the next Commission meeting. Mr. Conrad indicated that his investigation thus far showed the proposal to be a viable one from a business standpoint but requested the item be put

over for further study. It was so ordered.

Finance and Administration

4. Public Hearing on Proposed Budget FY 1983-84

A draft of the proposed budget for the year 1983-84 was presented to the Commission for review and in order to allow public review of this proposed document. There followed a detailed consideration by the Commission, particularly in the areas of proposed expenditures and salary standardization. There was discussion regarding the estimated ship repair revenue for 1983-84 as being too low. Commission requested further clarification of this figure.

Mr. Taormina explained the figure reported under unappropriated reserve is a conservative one and could possibly increase in the coming year given certain projects, such as The Roundhouse, The Embarcadero Terraces, generating additional revenue to the Port. The unappropriated reserve would then be applied to our capital improvement program.

Public comment was invited. There being no further discussion, Commission will act on the proposed budget at their meeting of March 23.

Planning and Research

8. Commission was asked to approve establishment of a Citizens Advisory Committee for Pier 7, and upon its approval to nominate members to this Committee. Commissioner Morrison moved approval, seconded by Commissioner Herman, Resolution 83-17 was passed unanimously.

Executive Session

The Commission withdrew into executive session to consider potential litigation against Bay Corporation. The Commission approved the stay of a legal action if the following conditions are met no later than March 21, 1983:

1. All money owed to the Port by the Bay Corp. for lease of Restaurant on the Bay is paid to the Port. The amount representing the past due increased rent as provided for in the agreement of February 19, 1981 shall be placed in a separate escrow account from which the Bay Corp. shall pay for improvements required under the Bay Conservation and Development Commission (BCDC) permit. If there is interest from said account, it shall accrue to the benefit of the tenant and any unexpended funds after the required improvements are made shall be returned to the tenant.

2. The tenant shall complete all improvements required by the Port Engineering Department and shall be in compliance with the timetable set forth under BCDC stipulated cease and desist order of January 20, 1983.

3. The tenant shall execute a license for parking and shall pay the first and last month's rent for the license to the Port.

The commission also considered the terms of the settlement of CCSF v. California Closed Corporation aka Fisherman's Marina Ltd. No action was taken.

There being no further business, the meeting was adjourned.

SAN FRANCISCO PORT COMMISSION
MINUTES

3/23/83

Meeting of:
March 23, 1983

Next Meeting:
April 13, 1983

The meeting of the Port Commission was called to order by President Gartland at 10:00 A.M. The minutes of the last meeting were approved unanimously.

PRESENT: Eugene L. Gartland, President
Arthur H. Coleman, Vice President
James R. Herman, Member
Jack Morrison, Member
James J. Rudden, Member

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ABSENT: None

ALSO PRESENT: Edward L. David, Executive Director
Anthony J. Taormina, Director, Planning & Research
Ronald Stone, Director, Maritime Affairs
Jack Conrad, Director, Finance & Administration

Executive Director Report - Mr. David asked permission to take an item out of agenda, requesting the Commission consider the matter of Resolution No. 83-29, identifying the project "Sculpture on the Bay" to be of a promotional nature which qualifies this project under the San Francisco Port Commission Promotional Fund as set forth in Section 10.117-31 of the Administrative Code. This resolution was approved unanimously by motion of Commissioner Rudden, seconded by Commissioner Coleman.

Finance and Administration -

4. The Commission was asked to approve a professional services contract with the firm of Manatt, Phelps, Rothenberg & Tunney for an amount not to exceed $25,000. It was so moved by Commission Morrison, seconded by Commissioner Rudden, and approved unanimously.

It was then moved by Commissioner Morrison, seconded by Commissioner Coleman to defer consideration of the items 5 6,7,8 -(MBO and Budget 1983/84)until all other items on the agenda have been completed. It was approved unanimously

9. The Commission was requested to approve refunds and allowances in the amount of $102,917.34 - it was moved by Commissioner Morrison, seconded by Commissioner Coleman, approved unanimously.

Commercial Property -

10a. The Commission was asked to consider the matter of an assignment and first amendment of lease of the Crow's Nest Restaurant Lease. Mr. Conrad explained the change to a multi-use plan for this space by the proposed developer, Sand Hill Development Corporation. Discussion followed regarding the economic feasibility of the project. It was then moved by Commissioner Morrison, seconded by Commissioner Coleman, approved unanimously.

11. The Commission was asked to approve resolution no. 83-23 which approves final form of amendment document for relocation of United Shellfish Ice-house, and authorizes forwarding of said document to the Board of Supervisors for approval by ordinance. It was so moved by Commissioner Morrison, seconded by Commissioner Rudden, approved unanimously.

12. The Commission was requested to approve a license for The Waterfront Restaurant for valet parking. It was so moved by Commissioner Coleman, seconded by Commissioner Morrison, approved unanimously.

Planning and Research -

13. The Commission was asked to consider a resolution approving street and parking modifications associated with implementation of the Roundhouse development project. Dr. Randy Rossi and Mr. John Buss spoke to the matter. It was then moved by Commissioner Herman, seconded by Commissioner Rudden, and passed unanimously.

Engineering -

14. The Commission was asked to approve the award of a contract for geo-technical services relating to Fisherman's Wharf breakwater design to the firm of Geotechnical Consultants, Inc. in an amount not to exceed Ninety Thousand Dollars. Mr. Kiisk, Chief Harbor Engineer, was asked how selection of this firm was made and it was explained that bids were invited from both minority and non-minority firms, comparison of bid was made, and determined to be almost identical. It was therefore the choice to select the minority firm as part of Port's endeavor to increase our participation in the minority business enterprise. It was moved by Commissioner Morrison, seconded by Commissioner Rudden, passed unanimously.

15. The Commission next approved entering into or amending Standard Agreement No. 1189, with Bechtel Civil & Minerals, Inc., to include Phase II engineering services for Fisherman's Wharf Breakwater in an amount not to exceed Three hundred and thirty thousand dollars. Res. 83-26 was passed unanimously, by a motion of Commissioner Morrison, second by Comm. Rudden.

Maritime -

16. The Commission was asked to consider modification of Maritime Policy particularly with reference to Zone 6, Pier 50. Mr. Stone presented a decline in market opportunities for break bulk cargo and a corresponding increase in ship repair work as a rationale for considering such modification so as to allow ship repair as a use of this pier. Commissioner Morrison cited a study by the Army Corps of Engineers which argues a need for continued break bulk capability by indicating not a decline but a flattening out of general cargo at least until the year 2000.

Commissioner Herman objected to any modification without stronger evidence that such was needed, contending the pier should be reserved for container stuffing work which is expected to open up for International Longshore and Warehousemen's Union members in the future. He explained that ILWU members on the east coast had recently won jurisdiction over container activities in a recent Suprememe Court decision and it was expected that a similar labor agreement would be due on the west coast within the next couple of months.

Pres. Gartland suggested it would be possible to find alternate locations for cargo container stuffing whereas ship repair work requires water, requires a drydock, requires being on the waterfront to do it. Both ship repair and cargo container stuffing would generate blue collar jobs. Pres. Gartland took exception to the view that ship repair work did not constitute maritime use.

Mr. Whitney Thornton, attorney for San Francisco Welding, addressed the Commission, stating his firm is seeking a lease of Pier 50 for use as a ship repair facility, which is a labor-intensive industry.

Staff was directed to provide an analysis of break bulk cargo projections at the next Commission meeting. The Commission deferred voting on a maritime policy modification until such documentation is presented.

Pres. Gartland indicated that until such time as the maritime policy matter was decided, any discussion of a lease for Pier 50 was inappropriate and therefore put this matter over until the next regular meeting.

The Commission considered as its next order of business a statement of policy introduced by Pres. Gartland: "The Port Commission will consider as policy its obligation to provide training and opportunity for development to its people who want to improve their skills, expand career opportunities, or simply further their general education." It was moved by Comm. Coleman, seconded by Commissioner Herman, and adopted unanimously. Staff was directed to begin implementing this policy within the next sixty days.

The Commission returned to the regular order of the agenda, and considered Item 5 - Management By Objectives - 1983-84. The Commission requested a change in the maritime objective narrative to read as follows:Develop procedures to measure the effectiveness of maritime sales promotion and marketing activities. Discussion followed relevant to making the stated objectives conform to the budget projections. Commissioner Morrison moved to alter the objectives so as to maintain the revenues at the 1982-83 level. There being no second, the motion died.

Further examination followed, with each department's objectives being carefully scrutinized. The Commission suggested further simplification of objectives for the future. It was duly moved by Commissioner Morrison, seconded by Commissioner Coleman, to approve the Management By Objectives for 1983-84, with the suggested changes.

The meeting recessed at 12 noon, to be reconvened at 1:30 p.m. for consideration of the 1983-84 Budget.

The first items discussed were the appropriations for City Attorney's office the Fire Department fireboat. Following discussion, the appropriation for the City Attorney's office was reduced by $90,000. The matter of the fireboat appropriation was deferred for executive session. The capital improvement program was discussed at length within the budgetary process. Particular attention being given to discussion of priorities regarding Pier 45 and the Fisherman's Wharf breakwater compared to Pier 80 and 94.

Commissioner Morrison stated serious concern with encumbering $7½million in the 1983-84 budget for a project which will in reality not come to fruition until the year 1985-86.

Commission reviewed the proposed budget by division, with each Commissioner commenting on specific areas.Staff was asked to respond to inquiries on reclassification, service contracts, travel allocation, participation in NORCAL, Staff was directed to prepare a report to the Commission on the MARAD application.Review of the public relations contract emphasized the importance of regularity in Wharfside publication. Commission was emphatic that the Port be represented at NORCAL meetings on a regular basis and since this organization is primarily focused in the planning areas, Dr. Rossi was chosen as the proper delegate.

In the Commercial division, inquiry was made regarding the janitorial services contract being more economical than civil service personnel. The Commission was assured the analysis did find it is more advantageous financially. Discussion regarding sale of electric power to tenants followed. The matter of additional personnel in the Commercial Property division followed, with the hope expressed that this would alleviate the pressures encountered in previous years.

In the Engineering division, the increase in "Other Equipment Maintenance" was explained as an expenditure for overhauling fireboat, tug, dredge, and two scows, which is done every other year. In the area of personnel, discussion on the timing of certain new positions occurred, in the light of the Edgar Dunn management study currently underway. It was explained that two of the new positions were in actuality upgrading personnel, not hiring of additional personnel. Commission indicated its desire to delay until the organizational study is completed before approving additional staffing.

Under Finance and Administration, staff was directed to detail what expenses are covered under the Citywide Overhead expenditure of $181,310. Discussion of a proposed increase in staffing followed, with the Commission expressing once again its decision to defer creation of a new department until such time as the administrative study has been completed. The position of Director of Public Relations was therefore deleted. A further explanation was given of other contractual services which include an upgrading of our data processing equipment. Discussion followed on unappropriated surplus.

Commissioner Morrison moved approval of the budget as amended. President Gartland recessed the meeting to go into Executive Session. Following executive session, the meeting reconvened with the following result: Res. 83-18, approval of the budget, passed unanimously. Res. 83-28, approving Executive Director's salary increase. Res. 83-19, approval of supplemental appropriation for G.O. Bond Interest was passed by motion of Commissioner Morrison, seconded by Commissioner Rudden. passed unanimously.

Res. 83-20. approving the Capital Improvement Program for 1983-84 was passed by motion of Commissioner Coleman, seconded by Commissioner Rudden, passed unanimously.

The next order of business was passage of resolution 83-22 authorizing Port Commission to request Board of Supervisors' permission to expend capital funds in 1983 for various projects.

Pres. Gartland cautioned staff not to limit advertising for minority business participation to the San Francisco area but to actively seek out these firms throughout the Bay Area.

Discussion of the Bay Corporation compliance to BCDC requirements took place. No action was taken by the Commission.

There being no further business, the meeting adjourned at 4:35 p.m.

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# SAN FRANCISCO PORT COMMISSION

## MINUTES

Meeting of:
April 13, 1983

Next Meeting:
April 27, 1983

The meeting of the Port Commission convened at 10:00 a.m. by order of President Gartland. The minutes of the meeting of March 23, 1983 were approved unanimously.

PRESENT: Eugene L. Gartland, President
Arthur H. Coleman, Vice President
Jack Morrison, Member
James J. Rudden, Member

ABSENT: James R. Herman, Member

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ALSO PRESENT: George Agnost, City Attorney
Edward L. David, Executive Director

Executive Director Report - The matter of budget allocation for the City Attorney's office was reintroduced for discussion. Mr. Agnost spoke to the matter, explaining the necessity for the amount requested. Following discussion, Comm. Morrison moved to set the City Attorney allocation at $270,000 with quarterly reporting by staff. This was seconded by Commissioner Rudden, passed unanimously.

The Commission withdrew into executive session for discussion of Seawall Lot 321. Comm. Coleman was excused from the Executive Session. No action was taken. The meeting reconvened at 10:30 a.m.

Mr. David asked the Commission to consider the matter of the San Francisco Marathon race scheduled for July 24, 1983, which is the arrival date for the Pacific Princess cruise ship, Love Boat, and the problem arising from the use of the Embarcadero for the race. Following discussion, the director was advised to inform Mr. Loughery, of Williams Dimond & Co., agent for Pacific Princess, that Pier 35 is assuredly reserved for their vessel's berthing on the date in question, and the Embarcadero will be available for vehicular traffic for embarking and disembarking passengers. It was the Commission's desire to be able to accommodate both interests, without interference to the maritime operation. It was so moved by Commissioner Rudden, seconded by Commissioner Coleman, passed unanimously.

Commercial Property -

4a. License and lease nos. 10683, 10684 were approved in the World Trade Center and Seawall Lot 331 by unanimous vote.

4b. A report was given to the Commission on the market test program at the Fisherman's Wharf parking lot, and staff recommended continuation of the present month-to-month operation by the Fisherman's Wharf Restaurant Association

Discussion followed. Mr. Lou Giraudo, of the Association asked the Commission to consider not increasing the rent because of increasing promotional costs to the Association. Pres. Gartland suggested instead the creation of an escrow account into which the $4,000 increase would be held for a period of six months. At the end of this period, the Commission would reexamine the matter. It was so moved by Comm. Coleman, seconded by Comm. Morrison, passed unanimously.

4c. Commission was requested to approve a lease with Air Exec. Inc. for a heliport in South China Basin. Following clarification of some financial aspects of the lease, it was moved by Commissioner Morrison, seconded by Commissioner Rudden, passed unanimously to approve this lease. Dr. Rossi, Planning staff member, reiterated the point that until the environmental review has been completed, said lease will not be executed. After testimony by Mr. Harris, from H & H Ship Co., and Edward Van Egri, of Russian Hill and Telegraph Hill Association, the Commission asked for any additional public comment. There being none, the resolution stood approved.

4d. Res. No. 83-33 approving heliport and helistop regulations for the protection of public safety was passed by a motion of Comm. Morrison, seconded by Commissioner Rudden, unanimously.

4f. Commission was asked to approve res. 83-30 authorizing the Port Director to execute the form of assignment and amendment of lease to California corporation "Pier 33 Incorporated". It was so moved by Commissioner Morrison, seconded by Commissioner Coleman, passed unanimously.

4g. Commission was asked to approve an agreement in principle for Pier 39 to use space abutting the Pier 39 leaseline for a new fixed breakwater. Mr. Conrad explained that there had been a delay in finalizing all the legal documents. Comm. Morrison asked for clarification of the "wrap around" clause from a representative of Pier 39. It was then moved by Commissioner Morrison, seconded by Commissioner Coleman, passed unanimously to approve res. 83-34 and res. 83-35 to allow new financing for construction of the proposed breakwater.

Maritime -

5a. and b. These matters were put over for the meeting of April 27, 1983 at the request of Comm. Herman.

5c. Commission was requested to approve a license with Western Rim Company, Ltd. for use of Pier 92 cotton shed. Following discussion, it was moved unanimously to approve res. 83-36.

ENGINEERING & PLANNING

6a. Commission was requested to approve a contract with Paceco Inc. for construction of two expandable spreaders in the amount of $266,670. It was so moved by Commissioner Coleman, seconded by Commissioner Morrison, passed unanimously.

6b. Commission was next requested to authorize a change in sequence of work for Piers 80 and 94. Following a brief explanation by Mr. Kiisk, Chief Harbor Engineer, it was moved by Commissioner Morrison, seconded by Commissioner Rudden, passed unanimously.

Mr. Kiisk introduced a new member of his staff, Mr. Clifford Jerrard,who was welcomed by the Commission. Mr. Jerrard will be working in contract administration.

Mr. David requested approval to forward to the Board of Supervisors a resolution requesting approval to contract for janitorial services. It was so moved by Commissioner Coleman , seconded by Commissioner Morrison,passed unanimously.

Commission was requested to authorize substitution of a Load Cell and Indicator, a component part of the P&H Mobile Crane, for an Emergency Power Source, in order to fulfill a scheduled commitment to Pier 94/96 terminal operators. It was so moved by Commissioner Morrison, seconded by Commissioner Rudden, passed unanimously.

Dr. Rossi indicated the presence of a Planning and Research Status Report in Commission packages, stating this was an innovation which he hoped would answer some of the Commissioners' questions. It will be done on a regular basis.

Commissioner Coleman asked that the Commission adjourn in memory of Congressman Phillip Burton who died on April 9, 1983. It was moved by unanimous vote.

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# SAN FRANCISCO PORT COMMISSION

## MINUTES

Meeting of:
April 27, 1983

Next Meeting:
May 11, 1983

The meeting of the Port Commission convened at 10:00 A.M. at the call of President Gartland. The minutes of the meeting were approved with two corrections, as indicated in the addendum attached hereto.

The Executive Director deferred his report pending consideration of the following items of business.

FINANCE & ADMINISTRATION -

4. Commission reviewed and approved refunds and allowances for the month of March 1983 in the amount of $233,319.46.

5. Commission was requested to approve settlement of claim with Crescent Wharf and Warehouse in the amount of $58,445.73 and the release of payment for three truck scales which Crescent installed at Pier 94/96. It was so moved by Commissioner Rudden, seconded by Commissioner Morrison, passed unanimously.

a) Continental Development Corp. presented a request to modify Exhibit "E" of the DDA for the Ferry Building project due to a delay in the approval of its Environmental Impact Report. Following discussion with Mr. Bill Rus of Continental, it was moved by Commissioner Morrison, seconded by Commissioner Rudden, passed unanimously.

COMMERCIAL PROPERTY -

6. Commission was asked to approve license and lease nos. 10686 through 10691; it was moved by Commissioner Morrison, seconded by Commissioner Rudden, passed unanimously.

7. Mr. Ashe presented a status report of the South Beach project for the Commission's review and a summary of the option lease proposed with Redevelopment Agency. Mr. Frank Canazarro, Project Director for the Agency's South Beach project, addressed the Commission briefly reviewing the development proposal. Following discussion, it was moved by Commissioner Morrison, seconded by Commissioner Rudden to set a public hearing for May 11, 1983 for consideration of this matter. Motion carried unanimously.

8. Commission was asked to approve Resolution No. 83-40 endorsing the developer of the Roundhouse Project to make application for Industrial Development Bonds for implementation of Roundhouse Plaza. After brief discussion, it was moved by Commissioner Morrison, seconded by Commissioner Coleman, passed unanimously.

Maritime -

Item 12 was taken out of order - Commission was requested to approve a modification to the Gleason Associates, Inc. contract in the amount of $20,000 to cover additional costs for promotional materials which were incurred during the year. It was moved by Commissioner Herman, seconded by Commissioner Rudden, passed unanimously.

Engineering and Planning -

13. Commission was requested to authorize final payment to the contractor O.C. Jones & Sons, for completion of work as specified on the Embarcadero Promenade; it was so moved and seconded, by Comm. Morrison, Commissioner Coleman, passed unanimously.

14. Commission moved approval of modification 1 & 2 to Contract 2509, with Jeffco Painting & Coating, Inc. by motion of Commissioner Morrison, seconded by Commissioner Rudden.

The Commission next considered an analysis of the Port's break bulk requirements through the year 2000. Based on the data studied, the thrust of the report indicated a decline in break bulk cargo, at an even greater speed than originally projected by the Army Corps of Engineers study. Commissioner Herman stated he had no objection to the conclusions reached but felt a more substantive overview was warranted before any real decisions could be made altering present agreements. Commissioner Morrison inquired what method was used to determine Port's throughput capability, and stated that if a reliable figure for demand were available, knowing what our throughput capability for each berth, would give us the answer whether we have sufficient facilities which was the way the regional study was achieved.

Pres. Gartland suggested hearing Mr. David's recommendations on the request for a lease at Pier 50 by SFW Corp. David contended that for the next five to ten years he could not foresee any difficulty in Pier 50 being utilized for ship repair,but beyond that it would be impossible to predict with the rapidly changing technology what the maritime future of the Port will be.

Commissioner Morrison objected stating "it makes no sense to cripple Pier 50 in terms of its cargo handling capacity" since maritime expansion is expected in the next 10 years.

Commissioner Herman stated that"aside from the legitimate needs and aspirations of San Francisco Welding, there is no basis for a modification of the Maritime Strategy for Pier 50" and that "no case has been made for carving up Pier 50". Mr. Herman stated that in his opinion there is no basis in whole or in part for taking this facility out of maritime commerce use.

Mr. Whitney Thornton, vice president of SFW, requested permission to address the Port Commission, stating his firm's drydock and repair activities would tie up only half of the 17-acre pier. He indicated his firm which already leases Pier 54 for ship repair work required drydock facilities -- in order to be competitive for additional Navy work. Mr. Thornton emphasized that such work would go outside of San Francisco if SFW could not compete. He also stressed "ship repair is a labor intensive maritime activity which is definitely deserving of Port support".

John Lappin of the Pacific Coast Metal Trades Council spoke in support of the lease stating it would provide jobs for members of 11 metal trades unions.

Commissioner Coleman stated it was his "gut feeling" the Port should go for the proposal that provides "jobs now" instead of saving space for business that may not materialize. It was his suggestion to postpone a decision until the meeting of May 25, 1983 in order that staff and commission have more time to evaluate future cargo projections.

The Commission withdrew into executive session to consider settlement of the case CCSF v. Fisherman 's Marina Ltd. Port staff was directed to negotiate the terms for the proposed assigned lease to Grosvenor Properties Ltd. The Commission also discussed Seawall Lot 321. No action was taken.

There being no further business, the Commission adjourned at 12:05 p.m.

SAN FRANCISCO PORT COMMISSION

WEDNESDAY, MAY 11, 1983

ROOM 283 - WORLD TRADE CENTER

10:00 A.M.

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Minutes

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APPEARANCES

PORT OF SAN FRANCISCO:

James J. Rudden, Acting President

Jack Morrison, Member

James R. Herman, Member

Edward L. David, Executive Director

Anthony Taormina, Deputy Director

Jack Conrad, Director of Finance Administration

Matthew D. Ashe, Commercial Property Manager

Vello Kiisk, Chief Harbor Engineer

Angela Karikas, Port General Counsel

SAN FRANCISCO REDEVELOPMENT AGENCY:

Frank T. Cannizzaro, Project Director

MR. RUDDEN: Ladies and gentlemen, may we come to order, please? Our president Eugene Gartland and vice-president Arthur Coleman are off on business of the Commission, so we will move ahead.

MR. DAVID: Mr. Chairman, I wish the approval of the regular minutes of our meeting of April 27, 1983.

MR. RUDDEN: Any comments?

MR. MORRISON: Mr. President, I find the minutes of our last meeting pretty clearly insufficient to reflect what we said at that meeting. I don't want to ask the staff to go over again the tapes, but what I would like to do is submit to the staff a statement of a summary of the points which I wanted to make clear and I think I did make clear at that meeting and ask that summary be included in the minutes.

MR. RUDDEN: Any objection?

MR. DAVID: No, no, none at all.

MR. RUDDEN: So moved.

MR. DAVID: Mr. President, I might comment that because we have a public hearing today we have engaged the services of a court reporter to take our minutes for this one meeting. If by Commissioner Morrison's comment he would like this to be an ongoing thing, we can go back to the system of using a court reporter at Commission meetings.

MR. MORRISON: I certainly think we should consider having a reporter at all meetings.

MR. RUDDEN: Okay. Now? Or shall we put it on

the agenda?

MR. MORRISON: Why don't we wait until we have a full Commission?

MR. DAVID: I'll put it on the agenda.

MR. RUDDEN: We have some other items we are putting over. Would you go down the agenda?

MR. DAVID: Yes, I could. We are requesting that item number eight, request of approval of lease assignment to The Ramp Restaurant. This issue is going to be discussed with you today in executive session by request of the City Attorney's office.

I would request that item seven, public hearing on lease options with Redevelopment Agency be your last item in the regular meeting today. Redevelopment called and said they would be a bit late and requested they be put on last.

Items 12 and 13 as indicated here on the agenda are not to be heard until the 25th of May.

MR. RUDDEN: Okay. Is that all you have?

MR. DAVID: I want to report just two things. One, I had a meeting with Tom Malloy, the Director of the Park and Recreation Department. He has indicated that his department is willing to provide additional landscaping in our promenade which extends south of the Architectural Building to Pier 24. So we are working with Tom Malloy and working with Mr. Turnbull who's the original landscape architect, or should say architect for the project, to have this additional greenery put in at no expense to the

Port. We are very pleased by the offer of the Park and Rec Department.

Secondly, I received a letter -- this was made public about a week ago -- and just wanted to alert you to the fact that one of our major tenants, Crescent Wharf and Warehouse that has an operation at Pier 94 and 96 has been purchased by Seattle Stevedoring Company of Seattle, and in their letter they indicate that they don't anticipate there will be any changes in the operation. Since it's a major facility, I am unfamiliar with the people at Seattle Stevedore. I would request your permission to go to Seattle and meet with the new owners of Crescent Wharf and Warehouse.

MR. RUDDEN: Any objection? That's approved.

MR. DAVID: Can we go on with item number four, Mr. Conrad?

MR. CONRAD: Item number four is approval of Refunds and Allowances in the amount of $73,313.39.

MR. RUDDEN: Any objection? Move on to item five

MR. CONRAD: Request approval of resolution authorizing lease of Pier 39 for construction of a breakwater.

In the material that we submitted you, primarily the lease calls for leasing of mud; allows them to give the support for the construction of a fixed breakwater for a lump sum payment of $250,000. There have been some slight adjustments to the lease which you received in your packet, which I believe you got revised. Primarily there

are three additional areas that were previously agreed to but inadvertently left out. I will be glad to discuss these. Primarily in foreman language, there is no substantive change in the lease.

I'll be glad to discuss those changes, if it please the Commission.

MR. MORRISON: Would you just point them out?

MR. CONRAD: Sure. On page one -- Have you got the revised one?

MR. MORRISON: Yes.

MR. CONRAD: Page one you will see that we've added recitals which weren't in your packet, and primarily that basically describes prior agreements that we have with Pier 39 and the Commission's endorsement of a fixed breakwater.

As a result, some of the wording in both the laiding and the use were changed because they were incorporated into the recital.

On page 13, paragraph 22; paragraph 22 is changed with a provision for paragraph 23 below which is a liability of assignor, and paragraph 23 has been added.

MR. MORRISON: That's on page 14?

MR. CONRAD: Yes, of the new copy, that's correct.

MR. RUDDEN: What else?

MR. CONRAD: And on page 17, paragraphs 32 and 33 have been added.

MR. MORRISON: Is that it?

MR. CONRAD: Those are the additions. There are some one, two, three, four, five, six, seven others, just word changing or word alterations.

MS. KARIKAS: I would also point out to the Commission, in the accompanying memorandum in the Commission package it is noted there the lease is for 50 feet of mud where we have changed it to actually 31 feet beyond the present lease line on Pier 39.

MR. MORRISON: Miss Karikas, you are completely satisfied with this.

MS. KARIKAS: Correct, I am.

MR. MORRISON: And you?

MR. DAVID: Yes, I am.

MR. MORRISON: I move for approval.

MR. HERMAN: I second.

MR. RUDDEN: That's approved.

MR. CONRAD: Item number six, we are requesting approval of the Commission to send a resolution to the Board of Supervisors approving -- to allow The Port to go out and hire a private security service rather than City employees. This is in conformance with Prop J. The Controller's office has verified that we can do it less expensive with outside service then we can with City employees.

MR. MORRISON: I believe this is the first time we've gone this route with security people; is that right?

MR. CONRAD: To the best of my knowledge, yes, sir.

MR. DAVID: Mr. Ash? I don't think that's correct.

MR. ASHE: We have limited security now with Harbor Security Patrol. This would enable us to go to bid to get the best price we can for that amount of security that was approved in the budget, which is getting thoroughly beefed up due to the latest rash of burglaries.

MR. HERMAN: Who have we used up until now?

MR. ASHE: Harbor Security Patol daytime and Bart Service nighttime patrol.

MR. MORRISON: Does it have a contract now with the Port?

MR. ASHE: Yes.

MR. HERMAN: And your proposed lease cancels that contract?

MR. ASHE: We will also have -- This is an opportunity to also bid on the contract. This will go to the Purchaser's Office to a city-wide bid situation.

MR. HERMAN: I would like to hear pro and con arguments from those directly involved.

MR. MORRISON: The City employees would be members of the Police Department?

MR. ASHE: We have no City employees that I know of.

MR. MORRISON: We are making that certification here that we can do it more economically?

MR. ASHE: That was a study done by the Personnel Office and Barbara Wallup and my staff.

MR. MORRISON: I understand, but the City Charter requires us to do this each year. Now did the Controller compare the prospective private price with the price of hiring Police Officers? Was that the way it was done?

MR. ASHE: Yes, sir.

MR. TAORMINA: I don't know they're talking about Q-2 Police Officers. They were talking about security forces under the Civil Service classification.

MR. ASHE: That's correct.

MR. DAVID: Commissioner, I think the problem we've had here at the Ferry Building goes something like this: We have better than 375,000 square feet of office space in the Ferry Building. The fact that it's only a three-story building, there are a great number -- Can you give me the number of fire exits?

MR. ASHE: Six. There are almost 11 fire exits, stairways.

MR. DAVID: Meaning it's very difficult particularly with the World Trade Club open upstairs until 11 or 12 o'clock at night to secure this building. I had talked to the San Francisco Police Department about use of San Francisco policemen to secure the building. They had indicated to me that it is against Department policy or City policy to guard commercial office buildings, and by that I'm talk interior, and would not do so.

Therefore, we then went to a security service and have been using them, and then I believe that our

Personnel Manager has discussed this matter with the Civil Commission staff and have certified that they cannot do it for the same price with City employees, and I think that's where it stands.

MR. HERMAN: It's a status quo situation, then? It's a status quo situation?

MR. DAVID: Yes, yes.

MR. HERMAN: It's not -- What I understood was there was a proposed change, but that isn't correct?

MR. TAORMINA: Mr. President and Commissioners, the proposed change that in this year's budget we have very limited security service. In the next year's budget we have beefed up security because of problems that we've been having, and in fact, the contract next year will be close to 700-odd-thousand where this year we're only spending about $40,000.

Rather than taking our existing contractor up, the City Purchaser requires us to bid this contract for next year. Before we can put the bid out, this finding had to be made. Therefore, the Commercial Property Department working with the Controller's office that makes the eventual finding did approve it and now the Board of Supervisors will approve it.

Clearly we can have the bid package come back to the Commission to review before it goes out to the street and we will do that. This is for 1983-84 fiscal year.

MR. RUDDEN: Do you recommend this action?

MR. DAVID: This is a mechanical step at this

point that you're approving. It will come back to you as a bid package.

MR. MORRISON: I'm ready to go ahead with it, Commissioner.

MR. HERMAN: No problem.

MR. DAVID: Do you want to go on, Mr. Ashe, with item number 9?

MR. ASHE: Item 9, resolution approving lease renewal with the City's Commissioner of Agriculture and Department of Weights and Measures. For the past several years the City Department of Argicultural, Weights and Measures, 541 Army Street, Pier 80, Administration Building, have leased space on a year-to-year basis that expires June 30, 1983, and this is a lease renewal. The renewal is at the fair market rental rate for the building and Staff recommends approval of this as, again, as a continuing year-to-year lease with the City Department of Weights and Measures.

MR. RUDDEN: Any objection? Approved.

MR. ASHE: Thank you.

Item number ten, resolution scheduling a public hearing from May 25th, 1983 to take testimony regarding adjustment of Port month-to-month rental rates to become effective July 1st, 1983. Last year on June 23rd, the Commission adopted Resolution No. 82-53 -- a copy of it is attached -- which increased the rental rates by eight percent for the then month-to-month Port tenants, reset the parking rates for reserved stall holders, set a new

rate schedule for Port tenants who would be taking occupancy thereafter. Since then the new tenants coming into The Port have been charged in accordance with the rate schedule set by the Commission. Now the resolution also directed Port staff to put all tenants on notice that for this year, 1983-84 fiscal year, the Commission would endeavor to bring all Port tenants in line with that published schedule after again resurveying the rental market. All Port tenants where notified in writing last July that such would be the Commissions' endeavor this year.

Now market surveys indicate a weaker rental market for office space -- ten percent; even as much as 20 percent in the downtown area. A strong demand for parking continues, so Port staff does not recommend an increase except in one case for the schedule that's published here. It does recommend a three-cent per square foot increase for the office space in the World Trade Center, Architectural Building, to take care of the added burden of the security and upgrading that's going on in the building now. The other rental rates would stay the same as published. Parking, however, would go to $115 from about $95, and the 85-dollar parking would go up to one hundred. That's still within the survey rates for the area.

This resolution will direct Staff to notify all Port tenants that there will be a public hearing in two weeks at this same scheduled Commission time, that

testimony will then be taken and that the Staff -- I mean the Commission will then makes its determination as to any parking rental rate adjustment.

So you are not asked to make a firm decision today other than notify the tenants that there will be this hearing next week. There will be some impact in that old-time tenants may -- They've been around a long, long time just been getting adjusted to eight percent bumps are still lagging a bit behind the market. So there may be some adjustment. We'll make a recommendation as to this, yes, sir.

MR. MORRISON: last time, Mr. Ashe, we had questions raised about adequacy of notice.

MR. ASHE: Yes.

MR. MORRISON: Will you be sure everybody is notified?

MR. HERMAN: Aren't there a large number of things for the agenda? We have that Pier 50 thing. I suspect there will be some elaborate testimony pro and con on that and it might be that we will bring these people in only to discover that we don't have a sufficient amount of time to accommodate a public hearing. Why don't we put it over to the following meeting?

MR. DAVID: First of June?

MR. ASHE: Fine. I'll change the resolution accordingly.

MR. RUDDEN: Item 11.

MR. ASHE: Is that approved? Thank you.

Item 11 would be to approve a license for the World Trade Center Gasket Specialties. Just a routine office month-to-month tenancy.

MR. RUDDEN: Any objection?

MR. MORRISON: No.

MR. RUDDEN: Approved.

MR. ASHE: Thank you.

MR. DAVID: Mr. President, before you go back to item seven, I have two things I want to bring to your attention. Since the meeting has started I received a letter from -- no action required -- but a letter from Williams Diamond Company by their president Walt Lockery. This involves the Pacific Princess's call to San Francisco on July 24th, were they were protesting a conflict with the marathon. They have now agreed with a plan that we have worked out through the San Francisco Police Department to handle the marathon off of the Embarcadero providing them complete access for buses, taxies and private cars, and in this letter, in essence, they are just indicating they do approve the plan, but they want to be assured that the Port enforces the provisions as we have outlined with the San Francisco Police Department for the new routing and for traffic control, which we will do. I just wanted you to know that that has occurred.

The second issue is today is Youth in Business Day and we have assigned to the Port Linda Cardato from Cathedral High School. She is going to spend the day with The Port of San Francisco. We would like to introduce her.

Item seven.

MR. ASHE: Item seven is the public hearing for testimony relevant to the South Beach Redevelopment project boundaries to take testimony for a proposed option and lease agreements and any maritime strategy.

The first section will be a public hearing. Last meeting we gave a status report on the progress of the negotiating. It's resummarized here for you today. Several items have been resolved thus far. We anticipate more will follow.

The Redevelopment Agency is here today. Mr. Taormina also has a summary for subsequent discussion. Most of these are planning items.

MR. DAVID: I'd like to alert the Commission that since your last meeting we have had two meetings with the staff of the Redevelopment Agency to resolve differences and most of these differences have been resolved, but, however, there are two major issues that we have not resolved and are continuing to work on. I do not think these two issues prohibit a reason to have the public hearing, but the two issues are major issues which are unresolved regard the moving of ship repair facilities from Pier 40 to Pier 34; the mechanics of how that could be accomplished; who is responsible for it; the cost of the move is unresolved.

The issue regarding rent to the Port during the first four years of the redevelopment project is still a major issue which is unresolved. However, we're

continuing to meet with the Redevelopment staff and hopefully within the next few weeks we will resolve these two issues, but I want to emphasize they are very important issues that are unresolved. From that, perhaps before the public hearing, Redevelopment has a comment they want to make.

MR. CANNIZZARO: Other than the fact that we have been working to try to resolve that and hopefully things will proceed as Mr. David has indicated.

MR. RUDDEN: Thank you.

MR. MORRISON: Mr. President, I suggest we go through these issues one by one as presented to us by Mr. Ashe. I would like to hear what progress has been made on each one and what the prospect is.

MR. TAORMINA: Mr. President, members of the Commission, we would be more than happy to do that. I would like to only be fair to the Redevelopment Agency. We have met on two meetings; one with Mr. Cannizzaro, one with Mr. Hampton. The Board has suggested language. That language has not been drafted by our attorneys to put into the option. The Redevelopment Agency is obviously, when I say I don't want to speak for them, is reserving the right before they see anything in writing to say the issue has been resolved.

I think we have a meeting of the minds on the issue how this specific language is to be adopted is still to be drafted by the attorney. We will tell you what the support staff has suggested with regard to our suggestions,

if that's what the Commission would like to do.

MR. MORRISON: I would suggest that we go through these issues one by one and the first one is --

MR. TAORMINA: Seawall lot 331, 332 and seawall 333, which is parcel J and K. Those are the parcels which are across the Embarcadero. Those are parcels which are under the redevelopment plan which potentially have residential uses as a part of it.

The Port and the Redevelopment Agency have suggested with regard to language into the option which would read that the San Francisco Port Commission has no obligation to pay eviction costs or relocation costs. With that language in the option, your staff would feel that that issue has been resolved.

MR. MORRISON: Mr. President, it has always been my understanding, and I think it's the previous Redevelopment project, that as a matter of course the Redevelopment Agency had money in its budget to pay for relocation. I would like to ask Mr. Cannizzaro why this is an issue at this time.

MR. CANNIZZARO: First of all, the funding of this project is substantially different than any other project that the agency has had. Past projects have had large amounts of money which were earmarked right from the start for relocation. This project takes money out of CDV's budget and also there's been some rule changes as to what the obligations of public agencies are, and we are concerned about whether or not there are funds or will be

funds and also whether or not we are going beyond obligation of the rules that pertain to relocation

MR. MORRISON: Are you resisting the payment of relocation costs, then?

MR. CANNIZZARO: No, what we are saying is where there is, in fact, an obligation, then we would certainly have to crank that into the budget. The problem is where is there an obligation? We certainly don't want to cause the public to have to pay for relocation costs when, in fact, there is no obligation. We have to be very careful of language that we don't make those types of public funds available in those instances were there is no public obligation.

MR. MORRISON: I believe on these three seawall lots there is to be housing development; is that right? 331, 332 and 333?

MR. CANNIZZARO: Yes.

MR. MORRISON: How many units of housing do you plan to build there?

MR. CANNIZZARO: There's approximately 180 on J and another 120 or 30 on K. So about 310 units.

MR. MORRISON: And what type of housing will that be?

MR. CANNIZZARO: It will be housing that is consistent with the basic policy adopted in the redevelopment plan which has a goal of 50 percent market rate housing, 50 percent low and moderate subject to there being available subsidies for the low and moderate. In

that instance the goal becomes a requirement. Based upon the present housing markets it is very unlikely that goal will be achieved, but we are confident that something less than that but still at a reasonable level will be achieved.

MR. MORRISON: Your own consultants have told you that goal is unrealistic.

MR. CANNIZZARO: They told us the 50 percent goal is unrealistic.

We have agreed with that since the beginning of the plan, but we agreed there should be a goal and it should be subject to that goal becoming a requirement if adequate public subsidies are available.

So we're working toward getting adequate housing subsidies.

MR. MORRISON: Mr. President, I just want to say in point of view in connection with this, when we went ahead with this project some years ago we did so on the expectation that half the development would be socially oriented. That is, it would be given over to moderate income housing and some low income housing. And I think it was with that social goal in mind that The Port Commission decided it was worth Port subsidies to achieve it, but now if we are simply going to build market rate housing on these seawall lots, then the question of Port subsidy for that kind of operation is very much in doubt, I would think, and for that reason it would seem to me quite unreasonable for the Redevelopment Agency to refuse to pay relocation costs when that land is going to be

turned into high priced housing. Why should The Port subsidize that?

MR. CANNIZZARO: On those sides The Port is not subsidizing the rent. The appraisal value is based upon the highest and best use determined by the appraisors to be for housing, and the rent we have on the lease is based upon housing use. So The Port, based upon the present schedule, would not subsidize anything.

In fact, one of the things we may want to deal with The Port Commission on is whether or not that amount should be reduced in order to subsidize low to moderate income housing on those sites.

MR. MORRISON: If we pay the relocation costs that's a subsidy, isn't it?

MR. CANNIZZARO: Well, there's very little relocation costs on those sites. It's not a question of who pays. We agreed The Port should not pay relocation costs. All we're saying is that if, in fact, there is a relocation obligation, then we will pay it.

MR. MORRISON: If that property is to be given over to market rate housing, why shouldn't The Port just put it out to bid and participate as an owner and redevelopment agency?

MR. CANNIZZARO: That certainly is an option, but the proposal is not to put it out to market rate housing; it's to put it out for housing proposal that is consistent with the goals and objectives of the Redevelopment Plan, which has as one of its goals the

development of 50 percent low and moderate income housing, and that continues to be our goal.

MR. MORRISON: Now seems to be quite unrealistic.

MR. CANNIZZARO: At the 50 percent level?

MR. MORRISON: To be reached.

MR. CANNIZZARO: At the 50 percent level? We may achieve 25; we may achieve 30. It all depends on who comes forward on low to moderate income housing for that site. Whether or not The Port does it or the Agency or any other public agency, the problem is the same. In order to achieve that goal, we have to put in some kind of public subsidy. One of the subsidies might be downgrading of the rent that the Port wants on the site.

MR. MORRISON: Your consultants have told me you might possibly achieve ten percent.

MR. CANNIZZARO: They told us we might possibly achieve 30 percent, too. They have given us steps of possible increases for development of low to moderate income housing on that site.

As a matter of fact, several weeks ago one of the actions that our own commission took was to respond to Toddco, which is a non-profit developer here in town which is developing housing in the YBC project, to support an application that they wanted to submit to CHFA for a so-called sleeping second mortgage program. Their program would envision the development of 70 to 80 low to moderate income units on site J, and that is a resolution passed by our Agency. It's also subject to whether or not the lease

is available.

But in order to make effective use of that program we see the need for an additional three million dollars worth of public monies coming from someplace. And the reality of developing low and moderate income housing is simply money and where it comes from and whether or not it's taken out of the base rent that you pay for land or comes out of BCDG or some other loan program. You still have to come up with the money. We're trying to come up with the money and produce the low to moderate income housing that's called for by the plan.

MR. MORRISON: I recall your consultant said if you simply went ahead and built housing there as a private developer, the rents would turn out to be 2,500 a month.

MR. CANNIZZARO: That's right, but they also took the problem that we gave them: what is the gap and what is the cost of housing; what is the affordability of housing within the context of the environment that exists at that time.

At that time you might recall the mortgage rates were in the area of 17, 18 percent and construction costs were relatively high. There has been a substantial change in that environment, which is also indicated in the report.

The purpose of that report was to identify the gap that existed within that environment but also to create a matrix that would reflect what changes in the environment may cause relative to that gap, and certainly there has been a change in just that one item that reduces

the amount of gap. And as additional subsidies become available from whatever sources are available, the potential of achieving that goal or at least a substantial portion of that goal becomes more real.

That consultant's report, even though it was prepared for our project to get some objective criteria as to the measurement of goals and affordability of housing, is really a report that applies not only to housing at South Beach or North Point, but to all places within the City and County of San Francisco and Bay Area generally.

MR. MORRISON: The question is, Mr. Cannizzaro, if The Port is to forgo revenue that it could make in order to aid this project, should it be asked to forgo revenue for high priced condominiums.

MR. CANNIZZARO: No, and we aren't asking that.

MR. MORRISON: What's your present finance plan for this housing? Are you going to ask for tax increment financing?

MR. CANNIZZARO: Depends whether or not it's needed and how it fits into the overall city plan or need for that money. We think that the basic funding mechanism for the project generally will be tax increment. Before we can use that we have to get that approval from the Board of Supervisors. It attaches very much to the reality of whether or not we can build housing and/or the necessary public structure which has to be committed and funded before any housing developer, low, moderate or market developer would be willing to move forward. So it

is a critical element.

The bottom line is if The City, in fact, has a commitment to produce housing, they have to be willing to put up some public funds.

MR. HERMAN: May I ask a question? There appears to be no saturation point for very expensive housing in The City. Now if at the moment the funds are not available to meet the affordable housing criteria that a large number of people are committed to, including, at least, myself, what would be the problem in waiting until such time monies are available or arrangements can be made so those commitments would be absolutely fulfilled and thereafter building both or all levels, income levels of housing?

MR. CANNIZZARO: Well, the problem with it is two-fold. First of all money for housing comes within certain periods of time and you have to have everything ready to go in order to obtain that money. For instance, the recent application that Toddco made for money from California Housing Finance Agency was available for only a 45-day period, if I recall correctly, John, and what the developer had to do was get his plans and specs and get his agreements on the site control all in place before CHFA would agree to make a definite commitment for funding, and that's the nature of almost all these funds.

Sometimes the banks have more money, sometimes they have less. When they have more they're more willing to make a deal. So you have to get everything set and

ready to go. Point one. Point two --

MR. HERMAN: Why can't that be done?

MR. CANNIZZARO: That's what we're trying to do.

MR. HERMAN: Why can't it be done so to guarantee the low and moderate income? Why can't everything be poised to go subject to the availability or whatever that guarantees the achievement of those goals?

MR. CANNIZZARO: That is exactly what our program is.

MR. HERMAN: I just hear now that the consultant advises that you have an assurance of anywhere from ten to 30 percent, which is totally inadequate with respect to the needs of this City and certainly in my judgment would foreclose on any cooperation by this Board Commission.

MR. CANNIZZARO: I think there's a basic policy that needs to be resolved there. What we're trying to do as a development agency for The City is to clear the hurdles away from the path that developers need to clear in order to move forward with the objectives and policies.

MR. HERMAN: The hurdles are all clear, so you increase the number of rich housing units available and they are all cleared away so as to minimize the number of other units that this City begs for.

MR. CANNIZZARO: I don't necessarily share that opinion.

MR. MORRISON: Mr. President, I think I made my point here and certainly it's a serious policy issue that we'll have to work out.

MR. TAORMINA: Mr. Commissioners, staff's position on that was clearly to insure that the Port Commission had no obligation in relocation and, therefore, in writing up the language. That was our intent. I would point out that when the Commission adopts -- if the Commission adopts the option of this form with the Redevelopment Agency, in fact, The Port staff would then have the right or the obligations under the option to proceed with giving notice to any of our tenants who are on 30-day license upon the request from the Redevelopment Agency when they are ready to take the parcels of land down.

This would reduce the Commissions' discretion in these matters. Previously if you had a tenant under a 30-day license, they would be able to come to the Commission to appeal any termination of that license. With the adoption of this option that will be done by the staff without coming back to the Commission the way the current option is prepared.

MR. MORRISON: You are leaping ahead, aren't you?

MR. TAORMINA: No, I'm only pointing out in that area where we're not paying eviction costs of relocation, once you approve the option then the staff is bound by the -- by that agreement to give said notice. If a tenant does not move, then the agency must bear all costs with regard to evicting that tenant and that the Commission cannot intercede in that particular matter at that particular time.

The next two items on the list relate around the Maintenance Department. One of the issues that the staff feels is that there is no option at this time for a relocation of the Port Maintenance Facility. So, therefore, it is our recommendation that language be adopted in the option which provides for access to our maintenance facility and the continuation of a corporation yard at Pier 46B. This is in parcel M, which is going to be part of the open space area and the marina.

MR. HERMAN: What marina?

MR. TAORMINA: The marina being proposed by the Redevelopment Agency between Piers 40 and 46. It would be about a 750-boat --

MR. CANNIZZARO: Seven hundred.

MR. TAORMINA: Seven hundred-boat marina.

MR. HERMAN: Who's that for?

MR. CANNIZZARO: When the plan for the water-front was developed, there was a citizen advisory committee that tried to come to the conclusion what the land uses in the area might be. They came up with a plan to produce two waterfront parks and small boat harbor as well as housing and some commercial rehab of warehouse structures and a hotel site and some office sites. That was the plan that was approved in principal by the Port Commission at the time, by the Planning Commission, the Board of Supervisors, and the mayor, and that is included within the redevelopment plan and that's what we're trying to implement.

MR. HERMAN: A yacht harbor.

MR. CANNIZZARO: A yacht harbor. It's a working harbor.

MR. HERMAN: What is a working harbor?

MR. CANNIZZARO: A working harbor is one where there will be developed alongside the berth or along with the berths sufficient support uses to allow people to go down and learn to sail or rent boats or to work on their boats. It's not intended to be the same type of harbor that exists down in the Marina or Pier 39. And that was some of the concepts that were included in the concept of the redevelopment plan.

MR. TAORMINA: Therefore, to insure that The Port staff has access to its maintenance facility, we've suggested that the parcel M, which is really the park area, be subdivided in the option and that a parcel, what we call M-3 be designated that this parcel would allow access to our maintenance facility and by elimination of a boat storage repair area, which was the land site area, assure us of a corporation yard area, and that The Port Commission would retain that particular parcel until the Commission has been satisfied that there is alternative access of corporation facilities for the San Francisco Port Commission Maintenance Facility. That that plan must be presented to the Commission prior to 1986-87. If the Commission rejects the plan then that particular parcel will be retained by the Commission for use of its maintenance facility.

That's where we're trying to resolve that issue. Redevelopment Agency is reviewing that. We have not designated the parcel yet, but we think it will not greatly take away from the open space and public access area designated in that particular area.

The third issue is the ramp. This is a ramp which connects the Embarcadero to the second level of Pier 46B. If you recall on the first level of 46B is the San Francisco Port Commission Maintenance Facility; the second level, right now we just simply rent that out on a 30-day license to various users, some marine-oriented, marine-related users. Pier 46B itself is not within the redevelopment plan area. The ramp, which is the access to it, is within the redevelopment plan area and, in fact, it is in the area where a park is proposed in conjunction with the marina.

The Port staff feels it's important that that ramp be retained in order to basically allow for future development on Pier 46B. The Agency's position was that, in fact, development can occur on Pier 46B without the ramp.

Therefore, language was suggested to be put into the option agreement once again dividing parcel M, subdividing it into a parcel designated M-2, and it would state that the Redevelopment Agency would not take down or lease that designated area where the ramp is until the San Francisco Port Commission has had the right to seek and select a developer for the second level. And that the

Commission should seek that developer by December 31, 1986, and in so seeking a developer it would attempt to seek the developer with the ramp taken out.

This can be done. They have shown us some development prospectives. What it does, it reduces our options. Whereas if we had the ramp, we could use the second level for perhaps speciality retail in conjunction with the mixed use development -- office and even possibly residential. If we remove the ramp, we're most likely saying Pier 46 will be used for office use exclusively according to our Property Manager Office.

Now, in the event that the Port Commission has not been able to get all the necessary clearances, environmental clearances such as we are doing on Pier 45, by the date 1986, then, in fact, we will be able to extend one year the period by which The Port Commission would be able to seek a developer for that particular area. So, in fact, our compromise position is we will attempt to develop the second level without the ramp so that the park can be developed in that particular area, and the Agency has agreed not to take down the ramp until we have made that effort and sought a developer in that particular area.

MR. MORRISON: I'm not sure that we're not being forced into making a hasty decision on this issue, Mr. Taormina, and it ought to be pointed out, I think, that building, Pier 46B, has foundations that will allow the construction of two or three additional stories; isn't that correct?

MR. TAORMINA: Yes, sir.

MR. MORRISON: So that's a rather complex planning problem for us, I think. I would be very hesitant to agree to let that ramp go until we have a total kind of design plan for the area.

MR. TAORMINA: We selected the dates based upon the Redevelopment Agency's current schedule for implementing the plan that has just been brought in with the marina and soft surface park. So the dates have been agreed upon by your staff and the Agency based on their schedule and their time table. But certainly they can be subject to Commission review.

MR. DAVID: Commissioner Herman, we did bring in a rendering of this area that we're discussing since I realize you were not on The Port Commission when these issues were previously brought forth. This is the proposed marina and the treatment of the Pier 46 area.

MR. CANNIZZARO: Yes.

MR. HERMAN: Looking at it doesn't make me any more enthusiastic. If this Port has an opportunity to meet an objective to use land that is not now in use wisely so that the cross section of the community can benefit, that's fine. But just for whatever it's worth, my position is I'm going to take a dim view of 2500-dollar-a-month housing units or marinas. They might be very nice and they might be esthetically very attractive. That's not the point. That ain't the problem in this town. We already created a world that leaves not much to be desired

for those who can afford to live gratiously. I just want you to know I want to know an awful lot more about it.

MR. TAORMINA: Mr. Commissioner, the fourth issue on parcel M was the rail access which currently a rail line connects from the Embarcadero, the Belt Railroad, into the Pier 46 area where we now have periodic rail service to one of our users as well as using that area as a tunnel area between Pier 46B for rail storage of our locomotive.

In this particular area The Port Commission staff recommended that we maintain rail access. The Redevelopment Agency felt that the rail access connecting the main line from the Embarcadero would cut directly through the park and may have some disruptive impacts on the planned open space and public access.

The Port staff has recommended language to the Redevelopment Agency which simply says the Agency is to be responsible for providing a single track right of way to the Pier 46 tunnel; the Agency would have the right to present to the Port staff a relocation plan altering that existing right of way and this right of way would have to be retained until appropriate action is taken by a city, state, or federal agency with respect to abandonment of service.

MR. HERMAN: Commissioner Morrison raised an interesting question I think should be responded to, which is what is the time frame so the Commission is not rushed into anything in terms of the time frame for discussion,

for evaluating, for arguing, whatever?

MR. CANNIZZARO: Well, the plan itself was approved in January, 1981. The final plan and the planning for the plan started in 1977. So over a period of four years the planning for what types of uses and how this section of waterfront should be used has occurred during this time frame.

Since 1981 we have been trying to develop various plans for development consistent with that planning policy approach that had been previously adopted.

As far as this lease is concerned, we've been working on the lease for about a year and a half now trying to come up with what the critical elements would be, going through appraisals of the property. So that has been occurring.

The first project that we would like to get started with is the first phase of the harbor development that is on the breakwater and the berthing system for this harbor, which is an important public amenity necessary to anchor housing development -- public, low, moderate and market in that area.

We are anticipating to start construction of that harbor in September or October of this year. And we already have a housing proposal in hand that is ready to start construction, assuming that we reach agreement on it, around April of '84 for a first phase start.

They're not going to go forward with anything until The City makes it clear that they're willing to

create some amenties out in that area as well as rebuild the necessary streets.

MR. HERMAN: Who's not going to go forward?

MR. CANNIZZARO: The developer for housing, and we have several developers saying that. So to build housing we have to get public amenities set. This harbor is a key amenity for this portion of the plan. We want to start that this year. We are under way with final design; we're going for funding and we're going for the necessary permits.

So the September date is a real date. It's achievable and in getting this lease executed is a key to getting that accomplished.

MR. TAORMINA: In response to Commissioner Herman's question, in order to have the September date for execution, what do you have to get through as far as approval from this Commission? As I understand it, you would almost need approval by the Commission in early June in order to meet the September date. So you would have until June to make a decision accordingly to the redevelopment schedule.

MR. HERMAN: Today we agreed there would be a public hearing with no --

MR. DAVID: No action is required today.

MR. ASHE: May I just point out that the resolution would continue this public hearing until June 8th. So that might --

MR. TAORMINA: The next issue that came up with

respect to parcel M in the redevelopment area had to do with the relocation of Service Engineering. We have discussed this issue quite extensively. The one aspect that the Port staff and the Redevelopment Agency have basically agreed on that if a relocation occurred that that relocation could only occur within the northern waterfront between Piers 34 and 40. How the relocation will be done, what the cost will be, and who will bear it is still an open item.

MR. DAVID: As I mentioned earlier -- Excuse me.

MR. MORRISON: It seems to me this is a critically important issue. Service Engineering is a major tenant. Now how can they-- What proportion of their work presently is done on 40 and what portion on 38?

MR. DAVID: Someone here from Service Engineering?

MR. BARSETTI: I am Mr. Barsetti, president of Service Engineering. To answer your question, Commissioner, I will venture to say that possibly 30 percent is accomplished from Pier 40, 30 to 35 percent under normal circumstances, depending on the size of the contract and amount of equipment and materials handled. I would say 35, somewhere around 30 to 35 percent is accomplished on Pier 40 and the rest on the main Pier 38 facility.

MR. MORRISON: How could you -- and tell me whether or not you can -- can you leap-frog over Pier 34?

MR. BARSETTI: One of the advantages of Pier 40 and our reason for acquiring that property is it provided

an easy, an efficient facility for the prefabrication of the equipment; the sandblasting, painting, procurement and so forth. The way it's set up, the work flows nicely. If we were to leap-frog, we would run into the problem with the transportation of the heavy components of 38 to 34 and a separation of the facility itself.

MR. TAORMINA: Commissioner Morrison, the Redevelopment Agency informed they their plan for relocation would be to take the existing tenant who is at 36 Westwinds, move them to 34. Take the existing tenant at Pier 40, which is Service Engineering, move them to 36 so that Service Engineering would have an adjoining facility of 36 and 38 and Westwinds would then have the use of Pier 34.

Our engineering analysis shows that Pier 34 would need to have major capital improvements for any use. The Redevelopment Agency's estimate is approximately Three Million Dollars to basically upgrade the foundation area of Pier 34 in order to use it, let's say for Westwinds. So there would be a general moving.

In the area Westwinds is under a 30-day license. Service Engineering is under a lease which I believe expires in 1984, July of 1984.

MR. MORRISON: what was your name from Service Engineering?

MR. BARSETTI: Last name is Barsetti.

MR. MORRISON: Have you had an opportunity to study this plan in depth and make recommendations?

MR. BARSETTI: The Redevelopment Agency was kind enough to come down and show us their plan a month or so ago and I met Mr. Carrizzoni who went over the whole concept. We would mind no objection to the utilization or the trading of Pier 40 for Pier 36. It would retain the same concept of the work flow and efficiency that we experience now. And naturally of concern is the cost that would be incurred.

Again, this seems to be a topic of discussion and I'm sure I don't have to explain how we feel about it. We certainly don't want to incur any additional cost, but the facility would be acceptable to Service Engineering.

MR. MORRISON: Could you use Pier 36 without any major rehabilitation of it?

MR. BARSETTI: Well, no, sir, not just a walk-in type of thing. On Pier 40 we have a full sheet metal shop and other services which require electrical hook-ups and sewers and so forth, and it's -- It would not be just a walk in through the front door and beginning work.

I don't have any cost figure on how much it would cost to move any equipment, but it would be substantial.

MR. TAORMINA: Commissioner Morrison, the Redevelopment Agency's suggestion to the Port would be that the three million dollars possibly could be advanced by the Redevelopment Agency as capital cost in the overall project cost. They would then seek to have The Port readjust the rents of the ship repair groups within the area, that

the difference between what we are currently getting in the higher rents, which they would assume we would be able to get, would then go to repay the Three Million Dollar capital improvement cost put into the facility.

That was the Redevelopment Agency's suggestion to The Port staff on how they would get the Three Million Dollars back.

MR. DAVID: And the staff on that issue is in total disagreement with Redevelopment, and this is one of the reasons I highlighted this item as one that still has to be negotiated with Redevelopment.

It's our feeling that ship repair in past experience is taking facilities where they basically are paying a nominal rent for the Pier space itself, and the real income to The Port has been through the dockage of vessels in the location. And I feel that we're going to have great difficulty with a ship repair company that in moving has to pay an increased rent to amortize the cost of certain improvements. The history is they have gone into piers that no longer can be effectively used for cargo handling. I don't think they should bear this cost, and this is an area where we are still in discussion with Redevelopment.

MR. TAORMINA: Next item that I draw the attention to the Commission basically relates to base rents and market rates and percentage rents. I would draw your attention to the Exhibit attached to the status report; breaks down each of the parcels, indicates what

the base rent is, what the market rent is. I'll try to explain briefly how the rent structure will work. I do believe that we still have some outstanding issues to decide on that. One is the --

MR. MORRISON: Pardon me, Mr. Taormina, I seem not to have that.

MR. ASHE: It's the last sheet in the lease summary form. It also would be the first sheet --

MR. TAORMINA: Page four; there's a number four on it.

MR. HERMAN: I'm confused as to our procedure here. Didn't we schedule a public hearing?

MR. DAVID: Yes.

MR. RUDDEN: This is it.

MR. HERMAN: I thought we were going to take testimony.

MR. MORRISON: We are.

MR. TAORMINA: The base rent for the entire area has been estimated at $311,000. That's what the Redevelopment Agency would pay for the -- to the Port as they take parcels down.

For instance, if in fiscal year 1983-84, the Redevelopment Agency decided to take down their first parcel M, which would consist of Piers 46A, 44, 42, and a portion of Pier 40, the first lease executed by the staff and the Redevelopment Agency would be to the Port for a payment of $34,000 a year.

Then as they take the parcels down, the base

rent will accumulate and eventually we would get to $311,000 when and if they take all the parcels down.

MR. MORRISON: Mr. President, let me ask you on that point. Service Engineering attributes 30 percent of its business to Pier 40. That would mean $200,000. Why isn't that reflected here on the base rent.

MR. TAORMINA: Perhaps either Mr. Ashe or Mr. Cannizzaro can recall how the base rent --

MR. ASHE: Base rent for Pier 40 is actually in there at 121,000 plus the 34 for 42, the concrete portion of the Pier. As far as the future use, we're appraising the facility as an industrial-use facility based on the condition of the premises.

MR. MORRISON: Wait a minute, base rent, as I understand it, is what we're getting now.

MR. ASHE: Right.

MR. MORRISON: If Service Engineering is correct, we're getting slightly over $200,000 for it, Pier 40.

MR. TAORMINA: We only calculated base rent based upon the rent which Service Engineering may indicate their 35 percent is basically their dockage plus base rent and the fact that we are not calculating dockage into this formula. One would assume we would be getting that dockage regardless or wherever Service Engineering is at.

MR. ASHE: That's correct.

MR. TAORMINA: The base rent would remain in effect in the parcels M and N for four years.

MR. CANNIZZARO: Yes.

MR. TAORMINA: The staff has sought from the Redevelopment Agency a guarantee of that base rent. Agency has agreed to say that the base rent will be guaranteed to The Port Commission from the Redevelopment Agency from the proceeds they receive from the sale of the bonds.

The base rent for the residential parcels will be guaranteed in the same manner but for a three-year period. At the end of the base year period, the Redevelopment Agency would then pay us a market rent. That market rent is One Million Two Hundred and Sixteen Thousand Dollars. However, there is no guarantee that the market rent will be paid to the San Francisco Port Commission.

For example, the market rents for parcels M and N is $578,000. The current option basically states that the agency will endeavor to get The Port Commission market rent. The difference between base rent and market rent in parcels M and N is $337,000.

Now to give you an example, if the Agency receives total revenues from the marina and park area which is known as parcel M and N and that total revenue on an annual base was $700,000, the agency would first deduct from those total revenues agency operating costs.

They would then deduct, secondly, the base rent, which we just discussed previously is $241,000. Thirdly, they would then pay debt service; and fourthly, they would pay market rent. The market rent or the revenues

generated from parcels M and N may not be sufficient to cover market rent, although we would all agree that we would think the revenues would be sufficient to pay base rent.

If the project does not generate sufficient revenues, Agency has suggested that the short form simply be wiped out. Staff has had some problem with this and we are looking at language basically to resolve that particular issue.

The same things basically hold true by the 11th year when we get into percentage rentals. And so without going into detail, the same problem exists if there's not sufficient revenues to generate percentage rental, again, the Commission is always guaranteed base rent but there is no guarantee that we'll ever achieve the One Million Two that we've established as market rent, although the Agency certainly will endeavor to try to get those revenues to San Francisco Port Commission.

MR. MORRISON: Staff position is as you have stated it here in writing, that the market rent short-falls at ten percent.

MR. TAORMINA: We made that position. The Agency has indicated they don't believe the project can bear that. We're looking at other avenues that try to resolve that issue. At this point we have not basically resolved it.

MR. MORRISON: Totally off the issue with this -- It's an interesting point in connection with base rent,

what commonly happens in a redevelopment area that as soon as the activity begins people move away. Suppose we were to lease to the Redevelopment Agency Pier 40 and then we find as a result of that we lose a ship repair tenant outside of that leased area. Shouldn't we be guaranteed in our base rent any rent that we lose that can reasonably be attributed to the redevelopment activity?

MR. TAORMINA: The agency has basically described to us that the project's financial -- Maybe you can state it? The balance of the project is such that about the only thing we can get away with is the $311,000, that anything beyond that may, in fact, break -- make the project economically infeasible.

MR. CANNIZZARO: I think these general --

MR. TAORMINA: Every time we would press for more guarantees it comes down to the question do we want the project or do we want to stop it.

MR. MORRISON: Suppose we undertake this project and all our tenants walk away from it? We're left holding the bag, aren't we?

MR. TAORMINA: We have no remedy against the Redevelopment Agency if that occurred.

MR. ASHE: The base rent would be guaranteed.

MR. TAORMINA: He's saying outside the redevelopment -- Say Westwind just pulled out of San Francisco and said see you later.

MR. MORRISON: Say this area is going to be redeveloped, better start looking around and find another

place for ourselves.

MR. CANNIZZARO: Commissioner, that is always a prospect, but I think in this instance with the tremendous amount of investment that The City would be putting into this waterfront area, the only thing that can happen is that the values that will accrue to The Port in that circumstances would be increased substantially as far as the land rents are concerned.

I don't perceive that as a general problem.

MR. MORRISON: But in this town it takes 25 years to complete a redevelopment project. We have to think --

MR. CANNIZZARO: That's why --

MR. MORRISON: -- about surveying the next 10 or 12 or 15 years as well as what we'll be making 30 years from now.

MR. CANNIZZARO: As I say, the total amount of revenue being generated from the premises out and adjacent to the project is relatively minimal in terms of the total value that may be there. It is appropriate because it's a maritime industry, but I think it will be increased.

MR. TAORMINA: The final three points, Mr. Commissioner, before the public hearing, with respect to the Embarcadero roadway, the current document said the Port will maintain all public roads. The staff is recommending language that the cost of maintenance be proportioned between The Port and the Department of Public Works pursuant to the transfer agreement.

With respect to the expenses on the marketing, that issue has been dropped by both sides and is being -- so it's not an issue at this particular time.

The capital improvement program chief engineering will review and we will be doing all the building permits in the area and that's been agreed to.

And finally I would point out that once The Port Commission approves the option when the Agency enters into subleases, these subleases will not come back to the San Francisco Port Commission. In effect, once you approve the option, that is your last approval other than for what we discussed in changing the option on the maintenance. And the Agency would then have full powers to go ahead and execute without bringing it back to The Port Commission.

MR. MORRISON: I assume you are holding fast on our approval for these leases?

MR. TAORMINA: If that's the Commission's policy, we will pass that on to the Redevelopment Agency.

MR. MORRISON: You stated --

MR. TAORMINA: We stated that was our recommendation because we felt that's what the Commission would want against the agency trying to expedite this project. And as I've said, I feel --

MR. DAVID: Mr. President, there are a number of people in the audience who wish to speak, first of which is a Mr. Dawson.

Mr. Dawson?

MR. DAWSON: Yes. Shall I speak from here?

MR. TAORMINA: Speak into the microphone so we can tape it.

MR. DAWSON: Good morning, gentlemen, I'm John Dawson with the Westwind tenants on Pier 36. I feel obligated to make a couple of observations.

One, of course, is I hear it being discussed that we should consider being moved from our location on Pier 36 to Pier 34. I'm sure that those of you who have driven up and down the waterfront know the relative condition of those two piers. Pier 36 for us is a functioning pier with utilities, electric l services and a lot of offices and that enables us to bring ships alongside.

Pier 34 is a flat empty pier with nothing on it. My questions would be what would we receive to enable us to continue to conduct a maritime ship repair business at Pier 34 in exchange for the functioning pier at Pier 36?

The other thing is my question why we should be moved at someone else's convenience, which is it's going to inconvenience us fundamentally. It would be inconvenient, as I understand, for Pier 38 and Pier 40 to have a split operation, to be given another location. It will be equally inconvenient to us to pull up our facility and move to another place.

The last discussions that we had on this matter were some time ago, not recently. I'm surprised to find for us the Redevelopment scheme is still pursuing the idea that we are supposed to uproot and move to another

location.

I think that summarizes my alarm and concern on behalf of our company which we hope is going to remain functioning on the San Francisco waterfront for a good time yet to come.

MR. HERMAN: How many people do you employ there?

MR. DAWSON: That's variable, sir. It runs as high as 150 at times. Right now the waterfront business is quite low. We run 50 to 60 respectively, but it's not uncommon that we have 150.

MR. RUDDEN: Anybody else?

MR. DAVID: Mr. Fogarty?

MR. FOGARTY: Yes, sir.

Mr. President, Commissioners, my name is Brian Fogarty. I'm an attorney at law and have been a tenant first of the Port's and now under a master lease by Storage Unlimited at Pier 42 for 13 years. I represent this morning William Bell and Storage Unlimited who are the principal -- who is the principal tenant at Pier 42 as well as 20 some odd businesses and commercial enterprises that are also subtenants at Pier 42.

Those subtenants include attorneys, film makers, cinematograhers, film editors, insurance investigators, criminologists, and there are some maritime support activities going on in the pier shed at the present time.

I would like to address myself to the question of the option proposal that's now before you and specifically on that item having to do with relocation

assistance with the possible early demolition of Pier 42 to make way for the Redevelopment Agency's proposed improvements and to point out one or two things for the Commissions' regard.

Firstly, back in 1981, when the Redevelopment Agency conducted a tenant survey in our area, they asked how many tenants were there and they suggested to us that there may be relocation benefits available if and when we were compelled to leave.

I received a letter in 1981 from the Redevelopment Agency, December 4th, 1981, under the signature of David Aldridge, the Business Service Supervisor that asked that we complete a survey, which we did, and said that the survey of tenants was required -- and I'm quoting now -- "by federal and state law and it is essential in order to determine what relocation assistance you will need and to estimate possible relocation benefits in the event that your business is displaced as a result of project activities." Unquote.

The Redevelopment Agency representative this morning in his response to a question I think from Commissioner Morrison about whether or not there was in the Agency budget any relocation assistance or anything of that kind, suggested in response, if I am correct, that the rules and regulations have changed; that there may or may not be relocation assistance for businesses located in the project area. And I take it that these things will be worked out later.

I submit that, speaking personally, and on the basis of my 13 years at Pier 42, that the Port Commission as our liege lord has been benign and we have had a happy relation. I'm alarmed and concerned that if the option agreement that you have before you today puts the Redevelopment Agency in charge of affairs, that there may be some uncertainty on a number of questions, some of which have been raised previously today.

I suggest that before any option, lease or arrangement is made with the Redevelopment Agency, that certain of the goals and objectives that this Commission has previously set forth as goals for the Commission and some of the concerns that the Commission has about the treatment of business tenants of the Port which relates to base rents, questions that we've been discussing, and also to certain guarantees to the public and the public trust that this Commission has asserted it has an interest in be made part and parcel of this option agreement, and that the language in this agreement, particularly if as I understand it here this morning, is going to reduce or eliminate much of the discretion that the Port Commission is going to have in the future over these subjects, that that option agreement contain specific protections and specific language and provisions that addresses itself to the attainment of Port Commission goals and specifically the relocation and other provisions that the Redevelopment Agency has suggested are going to be part of the program.

I personallyly am not assured by some of the

language I heard this morning from the Redevelopment Agency about their eagerness to clear hurdles and to make sure that they get this project expedited, unless we have a provision, something along the lines that I'm going to propose to you this morning.

The question of making up for loss of base rent, for instance, it's been suggested that some of that money may be available through the bond program and bond proposal that the Redevelopment Agency has suggested they have, suggested that money for the difference between market rent and base rent and other expenses might be included in that bond issue. If there is some uncertainty as to relocation benefits as to whether or not owner-participants might be able to get involved in the project, if that's going to take money and if The Port Commission doesn't want to spend it, I suggest that the Port Commission be sure that the Redevelopment Agency is going to spend it so all of us aren't left out in the cold.

At a minimum, I would suggest that as to existing Port tenants and subtenants based on some sort of a list at this date or some other date, I, on behalf of tenants that I represent at Pier 32, have previously submitted such a list to the Redevelopment Agency; that as to those tenants and subtenants that the option lease or the option program that you're being asked to acknowledge and go along with today contain something along the lines as follows:

I'd like to see the option agreement contain a

covenant by the Redevelopment Agency that they will provide specific rights and benefits to Port tenants, our sales included. That might include the business relocation benefits, whether available under existing public laws or otherwise. If indeed those funds can be secured through the bond issue, perhaps the bond issue might be a correct place for it.

I would suggest that the Redevelopment Agency provide, as part of the option program, that they provide specific and adequate relocation benefits; that demolition of the property not take place in advance of the Redevelopment Agency securing all of its required financing and its other construction commitments. We have had a history on the waterfront and in other Redevelopment Agency projects where demolition comes first, financing and construction some distance after that.

I can't see any reason for the -- for example, for Pier 42 and the other projects in the designated parcels be demolished and then because of changes in the market or the financial world or otherwise, its laying fallow and no new construction begins for some time in the future.

I'd like to see the Redevelopment Agency outline and make available to the Port or otherwise exactly what their relocation benefit plan or program is. I've heard reference to it but I have never seen any detail about that plan.

Thirdly, I suggest that the option lease that

you have before you contain a provision that creates third party rights or benefits specifically enumerated therein to the tenants and subtenants of the Port, and that this provision therefore can be enforced by the tenants and the subtenants against the Redevelopment Agency for their failure to perform.

The current situation as I understand it is when the option plan is adopted we will cease being tenants of the Port directly; that the Port is going to -- this Commission is going to give up its discretion over how to handle problems we might have and we will pretty much be in the lap of the Redevelopment Agency.

In view of the history, in view of the comments today, I would respectfully suggest that the Port Commission seriously consider adopting protective provisions along the lines I suggested and that be asserted in the option or lease program. Thank you.

MR. CANNIZZARO: Mr. President, apparently my response to an earlier question from Commissioner Morrison was not as clear as it might be, just to hear the play back from one of the members of the audience, particularly Mr. Fogarty who just spoke.

I want to make it clear that our posture is that we are interested and will pay for any relocation benefits that any tenant of the premises is due by virtue of the redevelopment activity.

One of the issues is what relocation benefits are due, and certainly there is a difference between

tenants who are on a month-to-month lease versus those who have a longer term lease, and there are a number of factors that would have to be analyzed for each case.

So it's not a standard rule or application that we can apply to every so-called relocation case, and we are constrained by public law as to what we can use public funds for.

We're not in the business of making so-called gifts of public funds because someone feels they are entitled to a relocation benefit. We will -- I will state again for the record, we will pay any relocation benefit that we are obligated to pay, and we have sent out the relocation rules to all the tenants within the redevelopment project that we follow and every tenant has a little different one. The problem that has to be addressed and analyzed as to what those obligations are.

In regards to time of lease take down by the agency, one of the conditions that we have agreed to with staff, we think it's perfectly reasonable, is to agree that before a property is taken down under the option, that all financing be in place for the project. That will be one of the escrow conditions of the lease.

We also don't want to take over land and clear it without the ability of moving forward because funds aren't there. We want to create the financing mechanism, get that in place, get the site control in place, get all the permits ready to roll on so when the lease is taken down we can proceed with construction.

MR. DAVID: Mr. Hickey?

MR. HICKEY: Yes.

Mr. President, Mr. Commissioners, I represent the Delancey Street Foundation. We lease currently a parking lot in the area being discussed. The loss of that parking lot would also affect the use of our warehouse facilities that we have located at the corner of Second and King Street, but an interesting point came up here. If there's a problem with redevelopment in meeting this quota for low income and medium income housing, we would be interested in purchasing this parking lot and building on it units that would be entirely low income housing. I don't think we would be putting in a marina. We are not aware of any low income housing yacht owners in the area, but we would certainly be glad to build housing on that lot that would house entirely low income population in The City. Thank you.

MR. DAVID: Mr. Capasso?

MR. CAPASSO: Yes.

Morning, my name is Bill Capasso. I represent Westport Marine Service at Pier 46. I want to make a brief statement to go on the record.

We would like to continue dialogue with the power to be what is going to be progressing with this relocation plan. It is imperative that Westport have a dry water facility for crew runs and deliver storage to vessels in anchorage, and the relocation facilities that are available seem to be dwindling. So we really want to

continue the dialogue as to where we go. We want to stay in that business. Pier 46B is very convenient and our access is by that ramp. So it's important to us. I just want to keep a dialogue going. Thank you.

MR. RUDDEN: Anybody else?

MR. COWAN: Yes.

I want to thank Commissioner Herman and Morrison for their perspective.

MR. DAVID: May we have your name for the record?

MR. COWAN: Tony Cowan, C-o-w-a-n.

MR. DAVID: Mr. President, this hearing will be continued, then, until June the 8th. We will appreciate written statements if we can receive them from those who testified this morning.

That concludes this other than two items we want to discuss with you in executive session.

(Recess.)

MR. CONRAD: We recommend that the resolution that we approved, the agreement with The Ramp be modified contingent on escrow closing within 90 days.

MS. KARIKAS: The other matter discussed in executive session involved seawall lot 321.

MR. TAORMINA: The meeting is adjourned?

(Whereupon the meeting was adjourned at 12:15 P.M.)

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[Minutes]

TRANSCRIPT

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OF

SAN FRANCISCO PORT COMMISSION MEETING

of

May 25, 1983 - Room 283

PRESENT: Commissioner Eugene L. Cartland
Commissioner Arthur H. Coleman
Commissioner James J. Rudden
Commissioner James H. Herman
Commissioner Jack Morrison

ALSO present: Executive Director Edward L. David
Director of Planning Anthony J. Taormina
Director of Maritime Ronald Stone
City Attorney George Agnost

MORRISON: Mr. President, it's my recollection that the Commission said last time that we ought to reconsider whether we ought to reconsider whether we want a transcript by reporter at these meetings. I would think....

GARTLAND: I talked to Mr. David about it, he informs me that what the Commission had requested since I wasn't here at that time, was for him to report back as to what it would cost for these transcripts, and so forth. Is that correct?

MORRISON: No, what we said was that we should not decide that issue until we had a full Commission. And I don't propose to take up any time but I would appreciate it if we could talk about that at our next meeting.

GARTLAND: Alright, then the minutes will stand approved as prepared without fault. The next item is the Executive Director's report.

DAVID: Mr. Pres.,, I want to inform members of the Commission that the Port's annual budget for the year '83-84 will be heard on June 22 before the Finance Committee at 1:00 p.m. The Port staff has been approached by the United States Navy regarding a wave action energy test site here on San Francisco Bay. Mr. Ash can fill you in on details. Captain Reyff of the U.S. Navy Reserve is here - would like to speak to the Commission about this.

Capt. Reyff: The wave energy device that we'd like to test in the San Francisco Bay was designed and invented out at the Naval Academy in Annapolis by Dr. McCormick of the Ocean Engineering staff. It was built by the Naval Research lab, and it's been available for a test site in a United States port. San Francisco's been selected in a preliminary way to have

this test and I believe that your support and sponsorship of the program will be most helpful to the gov't. in getting this test successfully completed. The idea behind the test is to put the wave energy device in the water and produce electricity, and if we do that at the completion of the test, the device will be given to the City of San Francisco and any technical and material costs that are involved will be borne by the fedaral government. If you have any questions regarding this particular ...

GARTLAND: First, what amount of money is involved, in the funding of this originally?

REYFF: The government has spent close to fifteen million dollars in the R & D program for this device.It was to go out to Japan in the 1982 on a vessel owned by the Japanese government called the Kaimait but , fortunately, due to design changes it missed the boat. And the International Energy Agency which the government of the United States belongs to had declined the shipment, and therefore, found that we were going to have to test in the United States. I think our total costs to do this project out here will runclose to $200,000 but that will be borne entirely by the federal government.

GARTLAND: So what you are asking for is some minor administrative help?

REYFF: Some of your guidance as to location, help in cutting through the bureaucratic network we might otherwise find difficult.

GARTLAND: Capt. Reyff, you and I discussed this - you are thinking of installing this in the little fishing wharf just to the west of Fort Point Coast Guard station, is that correct?

Reyff: That's correct, that seems to be good modeling location for the device. We get two new five foot waves out in that direction, that will give us sufficient wave energy to produce 60 KW, 60 kilowatts of power and that power will be available to light any surrounding facility, of course, free of charge.

GARTLAND: And there is no obligation, no financial obligation on the Port?

REYFF: Absolutely, there is no financial obligation. It is merely a sponsorship, a support and technical guidance on a reimbursable basis.

DAVID: We would ask the Commission to pass an appropriate resolution supporting the project.

GARTLAND: Any questions?

MORRISON: I have none. I think it's an admirable undertaking. I would support it.

RUDDEN: I second it.

GARTLAND: It's been moved by Commissioner Morrison, seconded by Comm. Rudden that we prepare a resolution supporting the sponsorship without financial obligation this project which we have decided is an adminirable one.

REYFF: Thank you very much.

DAVID: Also, we would ....

GARTLAND: We haven't had a vote on it. All those in favor, say aye, all those opposed, no. The ayes have it. You got a unanimous vote, Captain.

REYFF: Thank you again, very much.

DAVID: We have a request from Greyline Tour for a ticket sales office to be located at Fisherman's Wharf. Mr. Ashe will give you the details.

ASHE: Sometime ago,the Port Commission approved the license of the Grayline Tour Bus Company for a ticket booth location at the Wharf, at Pier 45 and activities were to start about now. Since the original time for that space allocation for that particular site, the situation has changed and the original location has proven infeasible. Grayline proposes another location which consits of the first three parking spaces along the southside of Jefferson St. west of Taylor, infront of the gift shop called the Captain's Chest. I think you are familiar with that location. The sales vehicle would be an antique, attractively displayed double-deckered bus parked there permanently and would be available for boarding and inspection by visitors at no charge. From this unique ticket-booth, they would sell tickets and also have a meeting place to pick up pre-sold tickets at other locations.

GARTLAND: You are providing service to Fisherman's Wharf in connection with this, are we not? Is there any objection from Fisherman's Wharf?

ASHE: No, there have been letters of support received.

GARTLAND: How about people that own the property right adjacent to where they want to put this?

ASHE: From what I can gather, there is none.

GARTLAND: Is this a license?

ASHE: This is a month-to-month license, and we would be back before you at the next Commission meeting.

GARTLAND: No action to be taken at this time.

ASHE: The license will be prepared, executed and brought back to you at the next meeting.

ASHE: The monthly fee is $500.

GARTLAND: That will be brought back at our next regular meeting. as a license.

DAVID: The last item I have , Mr. Pres., is that several meetings ago, Mr. Robert Meyers, the owner of the relief map of the State of California, which used to be located at the south half of the Ferry Building, had requested that we set aside an area in which he could work on a portion of this map, which would be approximately 100 feet by 100 feet, to be located in Pier 45. Port staff has no objection to this map being placed in Pier 45 on a temporary basis so long as it is not open to the public, and secondly, so long as it would be removed in time for our Festival which is to take place as part of our Fisherman's Wharf Plan on Columbus Day week-end, a four-day festival.

I have talked to Mr. Meyer on these two conditions, and he says he would be agreeable to removing it for that event, and it would not be opened to the public. And with those two stipulations, the staff has no objections to it being placed in 45, and would request permission to do so by the Port Commission.

GARTLAND: Is Mr. Meyers here? Mr. David is making a recommendation on behalf of staff to allow you to put a portion of the relief map to be worked on, and that subsequently you will remove it and displayed somewhere else. You have two stipulations - I would like to have on the record - that you agree to - No. 1: you are not putting it down there on the basis of opening for display to the public and No. 2: that you will remove it at our request becaus e do have other affairs

going on at Pier 45 that may require that space on a week's notice - particularly Italian Fest, which is on October 10 week-end.

MEYER: I would like to have more than a week's notice to remove it.

GARTLAND: You have three months'. When we ask you to remove it, you will remove it. Any questions? Does that require any action?

DAVID: I think it requires a vote ofthe Commission.

GARTLAND: Okay, there is a motion by Commission Morrison, seconded Comm. Rudden,to grant approval to Mr. Meyer to give him a license to rent some space down there on Pier 45, subject ...

MORRISON: Subject to conditions stipulated ...

GARTLAND: Subject to conditions, as set forth before us. All of those in favor signify by saying aye. Opposed. It is unanimous.

MEYER: Thank you.

DAVID: I would request that you hear Item 5 and Item 8, prior to hearing Item 6 and 7. We have with us this morning, George Agnost, City Attorney, who would like to talk to you in executive session, about potential litigation.

GARTLAND: If there is no objection, we will take up Item 5.

STONE: Item 5 is the use agreement with Lykes Bros.to use a portion of Pier 80. This is the first agreement for us which we have a use agreement as opposed to a lease. The period is two years with an option for a third, fourth, and fifth year. As you know, the competition in the Bay Area is very keen right now - all ports are giving use agreements to be able to attract carriers to stay at their ports. The use agreement we have with Lykes is signed by the ce pr dent Tom Kelly, it's

It's been approved by New Orleans -and I would be happy to answer any questions if you have any.

MORRISON: Mr. Stone, one of your comments in the third paragraph says that the use agreement requires Lykes to have a minimum annual throughput of 200,000 metric revenue tons - that's not the way I read the agreement. The agreement says "if Lykes falls below that volume, we can reduce the size of the lease premises. It does not at all say that we are going to require Lykes to have a minimum throughput.

STONE: You are correct.

MORRISON: Well, so there is no doubt about it. About that point.

STONE: That was made when I was gone on the trip and I did not catch that.

MORRISON: Now, we talk about 35.5 acres , that's a little over half Pier 80 and that would include two of the sheds, right?

STONE: A and B.

MORRISON: Now, we talk about a throughput of 200,000 metric revenue tons that I would say is a very small throughput for one container berth, much less two.what percentage of use will be owing to Lykes operations and what percent of the operations of others?

STONE: It will be mostly Lykes. Lykes present volume is around 300 to 325. They anticipate the future of adding ships to their service, however it will not be done during the life of this agreement. But the volume of Lykes will be increasing.

MORRISON: Does it appear likely that we will be devoting two berths to 390,000 revenue tons?What's been your experience with Lykes? Are they amenable to other vessels coming in?

STONE: As long as there vessels have preference. Theirs are on an 18-day frequency.

MORRISON: When will the new crane be installed?

DAVID: October.

STONE: It will be operational October.

MORRISON: Will Lykes have preemptive use of one crane? And I presume sometime they will need two cranes.

STONE: It is contemplated that Lykes will be adding new ships to their service before the end of five years. In the first two years, certainly they will not. But by the end of five years, they will, so some parts of the language are conditioned upon additional container ships coming into the service.Therefore a second crane is provided for. that's why it says a suitable crane when needed.It's really to assure Lykes that we are going to be able to have the facilities needed for a fully containerized operation.

MORRISON: I suppose there is some awkwardness in splitting up things this way, it doesn't give you the flexibility if the entire terminal were under one operation.

STONE: At present, it does operate as one terminal even though contractually it does show as two. CS&B operates all the gates and there have been no operational problems that I am aware of.

MORRISON: And you can live with that kind of dual entity?

STONE: So far everything has worked very nicely.This was raised during the course of negotiationsand we have been assured there was no problem and in fact,there is some language which deals with that specifically. It talks about being able to cooperate with other users.

MORRISON: On page 10 of the use agreement under Termination, we say that in event the United States government takes some action that prohibits Lykes' operation of this service - what kind of action did you have in mind?

STONE: That could be something in FMC. Some military action. That is a language or clause that is in every agreement. I am not really sure. Perhaps Mr. David can add a little bit more verification.

MORRISON: It seems very unlikely that the U.S. government would take any such action.

STONE: But it is in every Port agreement.

MORRISON: Also we say that in the event the user cancels its carrier service in the Bay Area , would be a termination.

STONE: That is to protect us.

MORRISON: Yes, but the guarantee of two years' use by Lykes doesn't mean very much.

STONE: Well, there are some things beyond our control. In other words, what we have bargained for is that if they come to the Bay Area , they use the Port of San Francisco.It is incumbent upon us through revenue-sharing to be able to help it track cargo through the Bay Area.

MORRISON: But this agreement doesn't keep them here if they want to go someplace else.

STONE: I don't think any agreement does. It certainly does in the Bay Area. Now if they decide to centralize and go to Seattle that is beyond our control. This is to provide an incentive. It is to make it worth their while to bring cargo here, not to some other place.

MORRISON: Well, Mr. President, it seems to me the agreement is very much to the advantage of Lykes , if that is what it is designed to be. You are satisfied with it, Mr. David?

DAVID: Yes, particularly with the language you will find in sub-paragraph b on page 3, you have the two year agreement and then you have the option, except in the options for the third, fourth, and fifty year, the Port and User shall renegotiate tenant's minimums and modifications to tariff compensations, which means to me that we do have an opportunity to re-negotiate the revenue we receive from Lykes in those three years.

MORRISON: I might as well go ahead and move approval.

GARTLAND: There has been a motion by Mr. Morrison, seconded by Dr. Coleman, to approve the agreement. All those in favor, say aye, opposed no. The motion stands approved unanimously.

DAVID: Item 8 - Mr. Taormina -

TAORMINA: The Commission is asked to approve a contract for Dr. Randy Rossi in the amount of $64,000 for professional services - I submit to you a copy of his contract, the cost not to exceed this year $64,000 -

GARTLAND: What was the cost last year?

TAORMINA: The cost last year was for a ten-month period $45,600, approximately a 16% increase this year. The nature of Dr. Rossi' work is familiar to the Commission, the package includes a second status report on current and advanced planning. Also, included in the package today was his first six month summary of his services. His current projects are: Pier 7, public access area, Master planning of Pier 1½-5 - Fisherman's Wharf Action Plan Environmental Impact Report,

acts as liaison for us primarily with City Planning, BCDC, I think he has played a very vital role, and I would request your approval of this contract.

COLEMAN: I have just one question - regarding the 16% increase what's the justification or basis for that percent increase?

TAORMINA: We went through the breakdown of the contract for this year - the contractor, Dr. Rossi, the primary contractor carries all of his own insurance, his salary is estimated at $44,000 the benefits breakdown for this particular pay schedule to be about $14,000. We have included his direct expenses - which he submits to me in the contract itself. We felt the increase was warranted just on the basis of what he has done, compared the cost of his services with an outside vendor . We felt the costs were warranted. We looked at what services were basically rendered if we bought from a firm such as Environmental Sciences.

COLEMAN: I only raise the question because most people nowadays if they get a 5% raise think they are doing very well, so we have to be on strong grounds to justify this much of an increase.

TAORMINA: I feel the contract -

COLEMAN: Let me say this, I feel the work he is doing certainly is without criticism, he is a valuable asset, still ....

MORRISON: Well, you mentioned the cost of an outside firm - what would be the cost of that?

TAORMINA: Well, when we were working with ESA , the average cost for this basic contract would be $42 to $60.00 an hour, basically we

would get Randy for half-time. We would be getting six months of his services.

MORRISON: So what are you talking about? It isn't clear.

TAORMINA: When we were working with ESA, it was working out to about $120,000 a year.

GARTLAND: We had a contract with them for one year, what was the cost to us for that contract?

TAORMINA: At that time, it was $98,000.

DAVID: And we are doing much more today, then we were doing at that time.

TAORMINA: About the only thing we now use an outside environmental firm, is to produce the documents, which City Planning requires.

GARTLAND: You see the dilemma you face us with,the contract last year was a reasonable contract. What justifies an 18% increase from a reaonsable contract last year to ....

TAORMINA: The justification I would present to the Commission is that, primarily when we costed this out, and look at the price is in the outside market, that basically the increase is warranted, we are not comparing it as a salary. If I went out to market today and bought these services , these services have probably increased alot more.

GARTLAND: But you are not comparing apples and oranges, because you cannot say if we went out an hired Environmental Sciences, if you went out and found someone comparable to Dr. Rossi, that's what you would have to compare it with.

TAORMINA: Well, those services were found in Environmental Sciences and I would say that those were the comparable services.

GARTLAND: We are hiring the whole firm?

TOARMINA: We are hiring Dr. Rossi's portion of it.

MORRISON: Well, I would move approval if you have no objection.

GARTLAND: Well, I have no objection, it is moved by Mr. Morrison, seconded by Mr. Rudden, all in favor signify by saying aye, it is unanimously approved.

DAVID: I would then ask that we go into executive session.

10:35 a.m. Executive Session.

11:26 a.m. Reconvened

DAVID: Mr. Pres., we passed Item 6 and Item 7 - Item 6 is request approval off modification of maritime strategy for Pier 50 area, this was continued from your May 11 meeting. Mr. Stone at the time of your May 11 meeting made a presentation on this subject- would you like him to go over that presentation again?

MORRISON: Mr. Pres. , I would suggest that we consider both matters at the same time.

GARTLAND: Is there any objection to that? No objection? Alright, then we will consider both items together. Go ahead, Mr. Stone.

STONE: Based upon communication by the staff, it was our understanding that a 30-year lease would not be acceptable, therefore a standby contingency negotiated a 5-year lease. The terms of the five-yea lease are essentially the same as the 30-year lease.

GARTLAND: Tell us what the terms are.

STONE: The lease premises are Pier 54, which they presently have, a portion of Seawall lot 337, a portion of B shed,the addition is approximately 500,000 square feet of Pier 50. The term of the lease is five years, no options to renew - five years, six months. The reason for the six months is the first six months is July 1 to December 31, 1983 is to allow them time to make modificationsto Pier 50 needed to be able to accommodate ship repair repair activitie Th fore was felt by the staff

STONE: to grant a holiday on rent for that portion and maintain at current level which would $11,000 a month. The rent will be $500,000 a year - total premises this amounts to approximately $300,000 increase, about a $325,000 increase, their present number is $175,000in rent which they are paying for Pier 54, SWL 337, and B shed.

MORRISON: You should point out the total amount we are getting.

STONE: Yes, that is just in rent, the rent portion. The other requirement has a minimum of dockage which in the term of the lease we call slip rental - a minimum guarantee of one million dollars over five years. So the net average per year would be $700,000 due to the Port.

GARTLAND: Is that a minimum?

STONE: It's a minimum to the extent the dockage is on a five year number. Say one year they are over in dockage it is credited to next year, or if they are under, it is carried over. The income now is at present $200,000 at Pier 50 from Forest Products $65,000 Papua New Guinea, about a hundred thousand from idle ships, and $42,000 from SF Welding.

COLEMAN: What does that net out?

STONE: About $400,000.

MORRISON: According to my figures, which I have taken down from records you have given us, our present revenue is $418,699. Is that correct?

STONE: Approximately.

MORRISON: Now, , revenue from Pier 50 to which SF W presently contributes only $42,000 a year is a total of $407,000.

STONE: One of the problems in doing this, you have so many changes. The revenue from SF Welding is higher than what we would make from any other use today.It presumes that we would move and relocate everybody that is there. B shed or D shed.Those are south sheds.It would require relocation of Crawford.

MORRISON: I think you said something that you didn't intend to say.If we were to fill up those three maritime berths with combination cargo ships, we would get alot more than what is proposed in revenue from SFW.

STONE: That's a difficult one to put together becuase the type of ships we would put in there invariably would need a crane of some type. The type of ships in that space would the type similar to Papua New Guinea, low volume, combination operators, any operator that has any volume containers would not use that facility. Those would be the ones that have the volume.

MORRISON: I base my figures on the record during the last four year of operation -when two berths there yielded $575,000.

ATONE: What year was that?

MORRISON: The last full year of operation of Pier 27

STONE: Fiscal year 81-82.

MORRISON: So if you just carry that over into three berths , that would mean a revenue of $850,000.

STONE: It would be nice to carry it over, but unfortunately there is no crane, that is the problem.

MORRISON: But your statement was that you will get from SFW more than what we could get from any other operation. And that is not correct.

STONE: Today.

MORRISON: I' mo re than what we are get' ng today. Right.

STONE: If Pier 50 had been a viable option for the operators that were at 27, they'd have gone to 50.

MORRISON: I don't want to argue with you, Mr. Stone, I merely want to point out that if you have a thriving combination cargo traffic at Pier 50, you will make more money than you will make by ship repair. That's all.

STONE: You can generate at a good utilization. My comment was basically that I don't see that volume of market today.

MORRISON: Yes, yes, we understand.

STONE: WIth respect to other items of the lease - maintenance will be performed by SFW, in respect to utilities and services - they are all at the expense of SFW. The Port has no obligation in any of those areas.The only change in going from 30 years to a five year lease is that all paragraphs that we had in the lease pertaining torent adjustments, amortization, have been taken out. There is one new paragraph that is on page 3, that would allow us to be able to put in idle ships whenever the facility is not being used. We would accrue all of the dockage but it would credit against the minimal for SFW, whichwe do .

HERMAN: How much of the space where you enter Pier 50, that is the driveway area, how much of that space goes to San Francisco Welding?

STONE: Approximately half.Actually a little less than that. We would put a parameter around A shed to allow trucks to back in.

HERMAN: How much space have you left?

Mr. Stone distributed a drawing to illustrate this matter.

MORRISON: There's a map on the back of the package.

STONE: You will recall that gate is a very wide gate, a double access. Guardhouse in the middle. In discussions with SFW we felt it

was not practical to put a fence up therefore we have language to allow very cooperative operation.Paper deliveries are such that some of them will be - trucks drive in the shed, some back up to the shed. They do not foresee any problems with this one potential tenant, that is Forest, Pier 48, they have requested to move. I see no problems with working out a cooperative arrangement. Assuming they go there.

MORRISON: Where?

STONE: A shed and C shed.

MORRISON: Well, that leaves Pier 48 kind of used , doesn't it?

STONE: Yes, well, we have a problem with Forest Terminals where they have a new ship coming on line, that will be delivered, it's been delivered it will be here July 1. This ship has a difficult time operating at Pier 48 - we have to find a more suitable facility.

MORRISON: Ithink someone told me the apron is only one foot wider.

STONE: That is true, but the doors are wider.

GARTLAND: That's the terms ofhe lease.

STONE: Basically, those are the terms of the lease.

COLEMAN: Is there any provision for moving a tenant to another location? In another five years?

STONE: There is no relocation because of the term of five years.

GARTLAND: We have no obligation at the end of five years, whatsoever. As I understand it, is that correct? Under the anticipated lease.

AGNOST: The lease term is five years, period.

GARTLAND: Mr. Herman, do you have any questions?

HERMAN: I Don't have any questions, I have a continuing objection

to a consideration of the lease. And I just want that in the minutes, and I suppose at the right time I'll engage in another boring dissertation, so be it. I also want the right to bring in some others who will testify against this lease, and have an announced public hearing so that testimony can be offered in response to that which we have heard from San Francisco Welding. I hope it is not the intention of the Commission to go forward with the acceptance or the approval of this lease today.

GARTLAND: It is the intention of this Commission to go forward today.

HERMAN: Well, I would hope that that would be modified.

GARTLAND: This matter has been on the agenda for a month.

HERMAN: It is a very heated issue.

GARTLAND: I understand.

MORRISON: Mr. President, I don't think anyone at this stage can predict what the Commission is going to do.

GARTLAN: That's correct. We are going to have a hearing on it today.

HERMAN: Well, we didn't announce apublic hearing - I don't recall it being announced. We agreed to hold over today.

GARTLAND: This matter was set on the calendar for disposition today. Is that correct, Mr. David?

DAVID: It was continued from your meeting of May 11, and set to come before the Commission today.

HERMAN: I Understand.

GARTLAND: It has generally been the practice of the Commission on a matter like this that anyone who wishes to be heard on it, we will hear them on that day. That has been the practice of this Commission.

MORRISON: Mr Pres., I certainly agree with you that the matter is fairly and adequately before us today for discussion- that does not at all preclude any Commissioner from asking for a continuance.

GARTLAND: I UNDERSTAND.

STONE: There are representatives from SFW here today and other companies.- if you have any questions.

GARTLAND: Does anyone wish to address this Commission on this matter? You will be heard now at this time.

PETER BLAKE: I'm with General Engineering Machine Works of San Francisco and I am here to make it known we use Pier 50 on an occasional basis when we lay up ships for repair.I have written a letter to Mr. Gartland to find out when I heard there was to be a change to find out what may be proposed. I just want to make it known - no. 1, we do use the pier, and the Port has made money from this use. If the usage of the pier is changed, the possibility is we would lose a customer now who comes to San Francisco specifically for our availability - plus the possibility of our being able to get one other possible customer where we can lay up ships so they can repiar their ships. It is the only pier that we are aware of where small companies like us can lay a ship up in order to have it for repairs. If its used, it looks like you are going to set aside two sheds, two berths on the northside but there is no guarantee there may be available at all times for us to use. If that was the case, with the paper company using the pier, and like there is a barge that are in there now, that are using the pier, we would not have access to it. And we would not be able to do the owrk and it would impact our company

significantly.If the usage of the pier is changed, we would like to have some sort of modification that there would be another pier available for us to continue that type of use.

MORRISON: Where do you lay up ships now?

BLAKE: At Pier 50.We just got finished two weeks ago working on a ship that was inere little over a week.

MORRIOSN: That Shed A or C?

BLAKE: I am not sure, whatever is available from the port, that is the shed we use.

HERMAN: What would you have done twenty years ago? When the port was chuck full of cargo - where would you have laid up your ship then?

BLAKE: I don't know, I was too small twenty years ago.

GARTLAND: Thank you very much. Anyone else?

ALBERT ENGEL: I represent Triple A shipyards - a former tenant of the Port of San Francisco - some seven years ago we moved out to Hunters Point at which the Port of San Francisco and Triple A became at loggerheads at one time. We are no longer tenants of the Port but we were a large business when we moved to Hunters Point, we are now a small business. The primary reason the lack of work to adequately support the ship repair firms in San Francisco.We at Triple A look at this as a threat to our existence, our future existence due to the fact there is not enough work to support the large amount of facilities already in the Port of San Francisco. We are a small business - we are concerned whether we are going to be in business. That's pretty much the size of it. If anybody has any questions?

HERMAN: Describe the Small Business Administration arraggements or criteria.

ENGEL: The primary criteria is 1,000 employees. A few years ago, we had an employment up to 2,000 employees - we are now down to five hundred and if the workload projected for '83-'84 it looks even worse.Because the Navy is getting into specifically a phase-maintenance program - which basically means the lucky recipient is the only one that is going to be in business. There isn't any other work available. I'm sure you people are aware that the private shipping companies are doing more and more of their repairs and conversion work foreign. So in that area we cannot even compete. We have sizeable facilities to try and maintain as well as the other shipyards that are in this area. Our understanding is that SouthWest Marine is also planning to bring a drydock in to San Francisco. There are drydock facilties in Alameda, and in Richmond. Now all of those facilities, there is not enough work to support all of us.

HERMAN: Do you have a constant five hundred working now?

ENGEL: No, that changes. We have been as low as 250.

HERMAN: It fluctuates? By virtue of being designated as a small business, you automatically have a certain amount of work assigned to you.

ENGEL: No, there is no work assigned - there is a certain amount of work that you are able to bid on. There is a small business set aside provision but even with that -

HERMAN: How long has your company been in business?

ENGEL: We are the oldest ship repair business in San Francisco. Or in the Bay Area right now.

HERMAN: It has been testified here by San Francisco Welding that there is reason for great optimismwith respect to increased ship repair in the next year or two. What would your comment on that be?

ENGEL: Basically since we have been in business this long, I don't see that future. I haven't seen it - not since the administratic got in. I haven't seen it in San Francisco or in San Diego. And the Portland area is in dire straits. The ship repair workload is not there.

COLEMAN: You say you have a plant in San Diego? You estimate under 1,000.

ENGEL: We have a small facility in San Diego, about 500. Our combined employment isless than a thousand.

COLEMAN: You cannot exceed a thousand, in other words, five hundred here and five hundred in San Diego.

COLEMAN: So if you are under a thousand it is probably by choice.

ENGEL: No, it isn't - as a matter of fact, we would like nothing better than to be large business. But because of the economic situation it has forced us into a small business posture.

COLEMAN: You spoke about the workload in '84 - I believe I have seen some estimates for '85-'86 - that there is going to be an increase - are you privy to that kind of information?

ENGEL: Not according to that last projections we have received from SupShip - there's been a tremendous movement of MSC ships that we use to rely on - they are now permanently homeported in the Far East - so we are not seeing alot of those ships anymore.

MORRISON: Mr. Engel, as I recall the terms of your lease with the Navy you have a number of five year options. Are you not now two

years into your second five year option?

ENGEL: Yes, sir.

HARTLAN: Thank you.

RED BLAKE: I am here in my General Engineering jacket, which is my father's company but also I am representing Transport Systems, Marine Division. I would like to deal with two areas of this - the Master Ship repair contract under which most ship repair companies operate says very plainly that you have to have a pier or access to a pier. I would ask you gentlemen to do whatever it is in your power, that there is availability for the ship repair companies that do not have their own pier but do have Master ship repair contracts there is access to a pier. A ripple effect could be caused here that could damage quite a few other companies. No. 2, I'll just dovetail in on what Al said -so far, asthe workload projections that are coming they do not look good so far but if you look at the other areas that you have to look at in reading how the federal government works, you can see several positive aspects. No. 1, the Navy announced in Marin County to the Board of Supervisors, two years ago the Navy made a decision to re-establish its presence in San Francisco. To that end they are taking between 200 and 400 acres of property on Hamilton Air Force Base of which there will be two phases of housing built out there. 2000 and then 2000. The monies have been expended,the job completed on re-wiring Pier 3 in Alameda to be able to take nuclear-class vessels.Treasure Island piers monies will be in the military budget (Milcon area) 1985-86) possibly building new piers over there. So the projections are showing that the work is coming as reflected by SupShip - You

should understand what Supervisor of Shipbuilding is - it is just the agency that takes care of the naval ships homeported in a specific area at the direction of NavSea in the Pentagon - those figures can be upgraded or downgraded depending on the decisions they make whereas putting ships into a specific area.I would say more indicators right now look very, very good for avery large increase in work volume. Are here in place that at any time in the last five years. Thank you, gentlemen.

HERMAN: Just a minute. With respect to this new work - there is something about that new work was that they were going to create new facilities in Alameda and they are going to upgrade facilities on Treasure Island.

BLAKE: Alameda, I believe it was maybe two years ago they put the money in a military budget and let me say this the Mayor worked very hard to put it through to re-wire the existing facilities in Alameda.

HERMAN: Now how about the one in Treasure Island?

BLAKE: The Naval Air Station Basically the area that I am dealing with is not that - I am dealing with homeporting of where those vessels will be tied up at Navy bases. Now you've got two kinds of repair that are done - you have type of repair that is done on the pier in the Navy Yard at the homeport of its berth - then you have the type that is done at the contractor facility. This I believe is the issue you gentlemen are grappling with right now. The Navy is upgrading existing facilities first = that's the money I see being applied for.

HERMAN: That's to accommodate ship repair at Alameda and Treasure Island

BLAKE: Negative - that is to accommodate a different class of vessel -

specifically, the Carl Vinson a Nimitz-class aircraft carrier. And any other nuclear ship that cannot shut down with the existing mud and water at the Naval air station.

HERMAN: Where will they be repaired?

BLAKE: They will be repaired at one of three places, now nuclear ships could be repaired at pierside - small jobs could be done there where ships live, their homeport, they will either be done on a major-type of overhaul not involving a nuclear spaces, normally at a contractor's plant.

WHERMAN: Where would that be?

BLAKE: Whatever contractor can qualify to do the work, it would be at his plant.For example, SF Welding at Pier 50.

HERMAN: Well, couldn't it be for example, hypothetically, Todd Shipyards

BLAKE: Depending on the type of procurement, the decision that is made at the source selection board at the NavSea level whether it is a large business or a small business. It would depend on whether Todd could do it or whether SF Welding could do it. Todd Shipyard is in the position right now of having 11 to 1200 employment and quite a few ships in there. Now those ships basically came from the existing pool of work to be released to this area - they are not new work, that is, they were brought into the area to support the new configuration. Work had to come out of the other contractors pocket.

HERMAN: It's alot better than what we had when Bethlehem was there.

BLAKE: No, sir, that work was spread out amongst all the contractors.

HERMAN: You mean, the work hasn't significantly improved here in San Francisco from what it was when Bethlehem was here.

BLAKE: It hasn't, it's the same amount of work that SupShip has been putting into the area only now it is only going to one contractor.

HERMAN: If someone can give me some documentation of that, I'd like to look at that.

BLAKE: It is very simple, Let's just go back two years and look at SupShip where the money was spent. Before it was spread out among eight contractors now it's going to one.

HERMAN: If someone can give me some documentation.

BLAKE: I will make it available to you, sir.

GARTLAND: Any further questions, Jim? Anyone else.

JOE NAGLE: I have numerous ideas for port facilities. We have numerous ships up in Suisun Bay, laid up ships, I'm a merchant seaman, I have an idea to bring these ships to the shipyards and convert them. This would create not one job but many jobs.

GARTLAND: You would have to talk to the Maritime Administration, this is not our jurisdiction.

JIM EARL: I am the Assistant General Manager of Todd Shipyards and I would just like to say that Todd is in disagreement with this proposal due to the fact that we have just signed a lease with the Port and we feel that if another drydock is taken into this area , it will be detrimental to the business of the Port. The reason for that, is as Mr. Engel has just stated, there is not sufficient market or foreseeable market to justify more drydocks in this area. We have already seen one ship-repairer leave, one very reason. When Todd has made a commitment to come to San Francisco, it was based on the fact the position would be slightly improved because of the removal of one other ship-repairer. What Mr. Blake said was quite erroneous, the fact that Todd has taken work away from other ship-repairers, we all bid on work, every ship repairer gets his chance to bid. The Navy work that you see at our y ' is a result of an honest

bidding process, nothing special. We do not see the immediate future looking very good. In fact, if you look up the Bay you will see both the drydocks sitting empty for about a month. We have one ship left in the shipyard - the future does not look good, for the next considerable few months.

HERMAN: How many people do you employ now?

EARL: At the moment, sir, we are employing six hundred. This is down considerably from what we were employing a few months ago.

herman; You are the largest employer of ship repair labor in San Francisco.

EARL: I would say so, yes.

WHITNEY THORNTON: I am executive vice president of SFW - I won't belabor the points I made at previous times - I would like to respond to several comments made today by other representatives who have testified. First of all, comparing utilization of Pier 50 maximum revenues generated there from cargo-handling with ship repair. One thing I want to emphasize with you. The lease and the $700,000 that is guaranteed under the lease is a minimum. And every expectation that we will be successful and we believe we will be that amount of money will be significantly increased. A measure of that is, we are guaranteeing $500,000 of that by rental, a guarantee of $200,000 in dockage. Our experience in the last two years, and Mr. Stone can bear this out, through the Pier 54 facility, we have paid the Port over $200,000 in dockage. With two berths, with the additional berths at Pier 50, there is a potential for even great revenue. The other point I think should be made and you should focus upon is the impact of cargo handling as contrasted to ship repair on the economic life of San Francisco. Both of which are important activities which should be supported by the Port. We think ship repair

has a tremendous impact in terms of the economic benefits to the City. I quoted some figures to you the last time I spoke that in ship repair for every dollar of ship repair revenues , $2.16 is generated into the economy. You also have a very labor-intensive activity, it is a basic industry. 75% of the dollar of ship repair go into labor,85% of the jobs are blue-collar jobs, many of which are entry-level. 30 percent of the employees are minorities which provide training of skills for people who entering the work force for the first time.From that aspect, it is important to look at not only how much revenue is generated , whichare signficant and represent an excellent return to the Port on its facilities but also the economic benefit and jobs created by this activity. With respect to the statements that were made by my colleagues in the industry, there are alot of drydocks in San Francisco. All drydocks are not the same size, they do not have the same capacity. What we are looking at in terms of the direction of Pier 50, the market we are addressing at Pier 50 is to be able to be competing for navy vessels going to bid on a coast-wide basis.Vessels that would mean new work coming into the Bay Area. In addition to Todd's and Triple A. Todd Seattle, Coast Marine, Lockheed Seattle, and San Diego facilities. have drydocks. Capacity for these ships is really limited.to be able to take all these vessels. Furthermore, these are vessels that are not now in the States. It is new work that will be coming in. San Francisco has a better chance of competing for that work if there is more viable competitor for that work. If I had indicated previously that I thought the workload for the end of

this year is excellent I misspoke myself - it was a misunderstanding.I never indicated that the workload for this port looks optimistic for the remainder of this year. I think what you have to look at is not the just the workload that is being put out by SupShip, the workload projections that Mr. Engel spoke of, he and I were at the same meeting. This is only the ships that are homeported in San Francisco. It is only the work that is guaranteed to be done here in San Francisco and that workload with the exception of the phase-maintenance program does not look optimistic. As with others in this port, we are optimistic in bringing ships into this port,we feel the future of the port the future of our business is in being able to compete with other ports, that are going to be bid on a coastwide basis. With respect to that issue, I respectfully submit that our competitors at Todd state that they have a lease here and object to our increasing our facilities. A conflict of interest goes greater than there immediate competitive interests. They have a ship repair facility in Seattle, that facility was engaged in new construction, the general manager there has indicated publicly they see the future there as a repair yard not a construction yard. That means that for these coastwide bids, proposals, someone in Todd is going to have to make a decision to which Todd organization, Seattle or San Francisco, is going to be the lead in getting a procurement that is coastwide, and we feel it is beneficial for San Francisco to have a viable competitor that is going to aggressively go after all the work that is available. Furthermore, I don't believe the Port owes Todd any obligation terms of the lease they now have at the

Bethlehem facility. I think it would be totally improper for the Port to deny us our application on the basis that they have an agreement with Todd for leasing of the facilities. Todd never made any representation to my knowledge, at least in public, that they needed a monopoly to compete effectively in the marketplace. I believe this is an open competitive area, if a company has the financial capability and skill they should not be precluded on the basis of getting competitive managers to companies that should be able to stand on their own two feet.

HERMAN: Well, who said otherwise? Did someone say otherwise?

THORNTON: I believe the gentleman from Todd indicated that he objected to the proposal here on the basis of the lease of the facilities they have with - and it is also my understanding that a letter has been sent which alludes to the fact that some consideration should be given since Todd has recently entered into a long-term lease with the Port. As you are all aware, SFW bid a proposal on the Bethlehem facility at that time and we recognize and understand the Port's actions in entering into the lease with Todd, we feel it would an injustice now pursuant to the lease with Todd to deny us the opportunity to compete with Todd. And we certainly do not expect you to give any credence to Todd's argument in that regard. The other point that should be made is the allusion that Bethlehem got out of the business because there was no business, there was not enough business to support the major shipyards of Triple A, Todd and Bethlehem. That was not the case - I am not privy to Bethlehem's financial situation but it certainly was waterfront knowledge that Bethlehe was making a profit out of this facility - the decision to sell was not due to the fact that it could not support itself. It was a corporate decision to get it of the shiprepair business

in general. With this they sold their yard in San Pedro, sold their yard in Boston, and their yard in Baltimore has also been up for sale. It was not an indication of their lack of business in San Francisco that prompted this decision. It was not on the basis that San Francisco could not support three contractors and to sum I would again urge your favorable consideration of this proposal - it represents the most beneficial utilization to the Port in terms of the economic benefits and contrary to the testimony of our competitors it is not going to detract from the workload in San Francisco indeed it will enhance the ability of San Francisco to attract more coastwide work which requires a drydock in order to compete. I'll be happy to answer any questions.

HERMAN: How many people do you now employ?

THORNTON: Right now, we have probably 250, down from 450 a short time ago.

HERMAN: What has been your peak empolyment?

THORNTON: Between 250 and 540.

HERMAN: You now have 250 here.

THORNTON: We are finishing up an overhaul - the USS Clinton on which we have been very successful - we are down to about 250.

HERMAN: How many workers do you have in San Diego, is it?

THORNTON; Right now, we have about 150.

HERMAN: So under the best of circumstances,you can improve a job opportunity from what it is now to what it may become by six hundred jobs. Is that right?

THORNTON: If you are alluding to the fact there is a thousand employee limit, we have no intention of remaining a small business. And we are not going to play the numbers game. The thousand limit is merely a definition of small business ...

HERMAN: Just a minute, just a minute ..let me ask you the question. You now are, by definition a small business, correct?

THORNTON: Yes sir.

HERMAN; And that imposes upon you the limit of 1,000 workers.

THORNTON: It imposes no limit whatsoever upon us ...

HERMAN: Explain that ...

THORNTON: There is a definition of a small business - a small business is one which employs 1,000 employees -

HERMAN: I thought you said it imposes no limit on you!

THRONTON: It imposes no limit on our growth - we can employ as many people as is needed - when we employ 1,001 we will be large business. If we employ 1,001 employees, so be it. We believe the small business administration programs are set up to help small business , we have benefitted greatly from those programs -

HERMAN; When do you think you will become a large business?

THORNTON: It is all part of a longterm plan.

HERMAN: How long term?

THORNTON: Perhaps three to five years.

HERMAN; So we are now talking about a lease that could theoretically end at the point where you could graduate from a small business designation to a large business designation.

THORNTON: It may be that the graduaion is earlier.

HERMAN: I'm asking for probabilities.

THORNTON: I would not hazard a guess - I would not deign to give you an answer.

HERMAN: Let me point out why I am even asking the question - we are dealing with declaring Pier 50 for all intents and purposes obsolete for maritime purposes -

THORNTON: Half of it!

HERMAN: Well, half of it. I suggest to you we will make the case - that will not prove to be feasible. Be that as it may - The judgment as it originates - the notion that cargo - the handling facilities vis-a-vis half of Pier 50 are not needed in the future per se, period. And that's the judgment that is made. Yet you say to this Commission that you can make a judgment that allows you to make your business calculations on nothing more than what the Port offers -

THORNTON: And what the Port is looking at is not a speculative , amorphous revenue that may be generated to the Port at some place down the road.

HERMAN: Isn't that your business? You have guarantees that make it true?

THORNTON: That is not true, there are guarantees. $700,000 guaranteed for five years.Guaranteed, that is not speculative. If we don't have a ship in here, that's money out of our pocket. You provide us the benefit, we take the risk. When I came in here initially I had a long-term plan for 30 years, I've tried to accommodate the Port's interests, including your own, Mr. Herman;

HERMAN: I don't know what that would be.

THORNTON: You had indicated there's going to be future need for container stuffing operations downstream. We have tailored , cutback our original projections to take that risk, from 30 years to 5 years. We are willing to take the risk of having the facility for five years - it is up to the Commission to determine whether cargo handling operations at that point in time are needed, whether or not we can get an extension or move someplace else. It's money in your pocket right now.

HERMAN: Not so, not so. When you've finished I am going to talk to the issue because you have misrepresented the issue. And I don't

think when you came into Pier 54 you had any reason to hope, or expect or demand an expansion of that facility into a maritime commercial facility. You had no expectation such demand could be made or that such a projection could be made as has been submitted by Mr. Stone here with respect to long-term maritime uses.

THORNTON: No demand has been made whatsoever, A proposal is on the table, and we believe that if it is viewed objectively the merits of that proposal will stand ,.

GARTLAND: Are you finished, Mr. Thornton?

THORNTON: Yes.

COLEMAN: I have one quick question, You have indicated that you are on the hook for $750,000 a year. Do you have any collateral or guarantee - in other words, we don't require you put up the whole five years but on the other hand when we select a tenant that promises a guarantee we have to relatively sure that he will fufill that promise.

THORNTON: I understand that entirely , I believe that our record as a tenant will assure that we are prompt with our obligations, and pay on time . I believe our reputation - I am more than willing to discuss the matter, to do whatever is appropriate to demonstrate our fiscal soundness.

MORRISON: Mr. Thornton, this is quite a comedown from 30 years to five year Why are you willing to do that?

THORNON: We are willing to do it because we feel that an expansion of our present facilties is an ablsolute necessity. As I've explained to you before we have grown from a small company that did not have any pierside location whatsoever to a company that has accomplished four major overhauls back-to-back tota' g over &70,000,000. I am willing to take the risk because

it appears a viable opportunity.

MORRIOSN: I know that noone can with any certainty look into the future, but I suppose in your present frame of mind that if you do well, that in five years, you will immediately ask for an extension, Isn't that a fact?

THORNTON: As I've indicated before, I think it's obvious if we are successful, as I believe we will be, the Port will accommodate all of its needs.

MORRISON: And you are speaking here this morning with great confidence about your ability ---

THORNTON: I'm not saying that we are going to stick with Pier 50 - I am saying that we will be someplace - in five years it gives us a better handle on things. One or two years downstream will give a better projection of cargo needs are coming through. If the projections are coming true, depending on which projection they are, at that point in time, as a prudent businessman, I would begin making plans. This provides us with the entry to the next step.

MORRISON: So you are looking at a period after the five years is over?

THORNTON: I certainly intend to be in San Francisco, somewhere. In the year 2000. I have a commitment to the Port.

MORRISON: And you know, our staff has told us that Pier 50 is the only location? for a drydock.

THORNTON: At the present time.

MORRISON: Absolutely, expenditure of 30 or 40 millions dollars. Now, you told us last time that you would invest $15 million dollars in a drycok and five million dollars in improvements here Is that still your intention?

THORNTON: We are re-looking at those numbers. It is still our intention

to put services in at the pier and to pursue the drydock. In terms of the economies of what services there are alternatives of what can be provided for services. Obviously, as a prudent businessman if I had a thirty-year lease the improvements I would envision in a different way.

MORRISON: At this point, you don't even know if you are going to buy a drydock.

THORNTON: Absolutely, what we have to re-look at is services. What we have to look at is not insurmountable. The services the upgrading of utilities in the event that we need to service ships at Pier 50. In tne event that we are not at Pier 50 at the end of five years the benefits to accrue to the Port with no obligation to pay us for them. That's another advance benefit of the short-term lease for the Port. We are willing to take that risk.

MORRISON: Is there anything in this five-year proposal and I haven't read it - it was just handed to us - is there anything in that proposal that requires you to place a drydock at Pier 50?

THRONTON: No, there is not. NOthing that requires us to place a drycock likewise there is nothing that precludes more requirements.

MORRISON: In prior contracts, we have made all kinds of stipulations, how much money is to be spent, what it was to be spent for. Would you be willing to commit yourself to 20 or 40million dollars.

THORNTON: I think at some point in time we would certainly have been willing to live with a condition- To take a five year lease and put all the risk on me as to what is going to happen to those improvements at the end of five years and tell me I am going to have to spend 20 million dollars right now on that pier. I don't think that would be very prudent. And I don't think

that's very fair of the Commission to expect that.

MORRISON: That's the point I wanted to make. You have always struck me as being very circumspect and prudent man, you think you are really wise to plan ..

THORNTON: I believe I am. I believe that the drydock is moveable. as I indicated before I have been very forthright with the Commission and with yourself. As to our plans and the basis for our operations and expectations for the future.As I have indicated the area that is of concern is in the area of services and utilities - the hard cost that I am going to sink into the pier will not be recoverable after five years. Those are not insurmountable - they can be done. Insofar as the drydock the drydock is a floating drydock it's not like the drydock at Richmond. It can be sold.

MORRISON; But I suppose we run the risk that if your confidence is ill-founded and take Pier 50 for five years and never put in a drydock .

THORNTON: What is the risk that you have?You have aguarantee of the revenue while certainly I have been a proponent of ship repair as a creat of jobs I have not heard word one back from the Commission that you are considering in your deliberations the job impact on San Francisco. If the job impact on San Francisco is a key to the deliberations, then I think the term of the lease would be substantially longer.than the five years we are now discussing.

MORRISON: So you came down to five years with some sense of reluctance?

THORNTON; Yes, sir, with a great sense of reluctance.

MORRISON: Mr. Thonrton, I want to take exception to one thing you said in an earlier statement - that is the possibility that this Commission might try to deny you access to the competitive field. and those were your words, deny y access". And I want the

record to be clear that in my view, this Commission has never had any such intention. In fact, I have asked the staff to consider alternative locations for your operation and other members of the Commission - I resent any indication that you have been denied access.

THORNTON: I did not mean to imply that there has been any indication on the part of the Commission that they would accept Todd's argument - it is one that I think needs to be raised at the table - Iam sure the Commission will see the implications of that approach and I respect your position on that.

BOB HAYDEN: On behalf of the Chamber of Commerce ofSan Francisco, I have been instructed on behalf of the Chamber to speak to you this morning to make known the opinion of the Chamber of Commerce as it represents the business community. I have been instructed to say three things, that is on the question, well I guess it involves the Chamber's support of the ship repair industry - in 1976 we supported Triple A when they had a disagreement, shall we say, that involved the City - I am sure Mr. Agnost remembers that. We supported that Triple A in that year. Last year, we supported Todd Shioyard despite what many people felt we should let what was called "our home-town" shipyar to have the Bethlehem facility. We felt Todd was right, we supported the Commission we supported Todd. Now I am here to say clearly that we support San Francisco Welding - excuse me, SFW's lease on this pier. We do not feel the objections made by Todd and Triple A that involve competition are worth considering - Frankly, when Neiman Marcus was trying to get its permits through the City, it was I. Magnin and Macy's that supported their proposal. I ink this involves a free market

place and giving SFW a chance at our marketplace. Item no. 2 that I was asked to speak about concerning that marketplace you have heard before about the Navy's building housing at Hamilton AirForce Base, about the installation at Alameda for homeporting, we also now signals from the Navy that because of the defense budget, they will be cutting back on ship building and putting that money into ship repair which bodes well for our area and the type of business and jobs that we have. Finally you all know the Navy changed its policy last year and increased the possibility of coastwide bidding. So,the Chamber's opinion is that while in the next year things are not looking good for this industry, the long-term outlook will benefit the San Francisco Bay Area and the competition is not affected - there is enough for everybody. We are in fact supportive of a ten year lease. However, if the company is willing to accept a five year lease, I don't see why we should quibble about it and the point is well taken that if they perform well you have good reason to consider an extension of another five years. Finally, the third thing I have been instructed to say to you is that one respects someone who fights for their positiion, lobbies, and exerts pressure to get their view and point across. But sometime their exists a state of of a conflict of interest. I have been instructed to say the Chamber believes that the appearance of a conflict of interest pertains here, the appearance , we are not saying it is a conflict, and the Chamber respectfully requests that Commissioner Herman disqualifies himself from voting on this issue.

HERMAN: Well, Mr. Herman, respectfully declines to meet with the request ofthe Chamber.

GARTLAND: Is there anyone else who wish to express any further?

HERMAN: Mr. President, I would like to make a motion for a continuance until our next meeting so I can poll the maritime community - by that community I mean the people who are directly and indirect in the maritime congress. And determine whether or not, testimony from that source would be advisable. And if it is seconded, I would like just to make a couple of observations.

MORRISON: Mr. Pres., for the purpose of getting the matter before us for discussion, I second it.

HERMAN: The maritime community that has for a good number of years done business with the Port of SanFrancisco, after elaborate discussions and meetings entered into a commitment with the Port of San Francisco that allowed for the landbanking of piers on the northern waterfront. That agreement was a good faith one, it was done on the basis that the Port needed to have revenues in order to survive, to wait for the next wave of technological change. And in keeping with all of the arguments that were heard, some years ago, that was the agreement that was made so that the Southern waterfront was written off for the maritime commerce purposes.

GARTLAND: I think you have your north and south mixed up, Jimmy.

HERMAN: Probably do. wait a minute. Well then just reverse it. The northern waterfront was written off and as a consequence elaborate capital investment has been made primarily if not exclusively for tourist attraction. The Port enjoys fairly healthy income. The whole thrust of what we came to grips with was that we would find a way, and we did find a way to finance what we then and now call a landbank of significant roperty to the south. And when that was done it was done

with full and complete knowledge and understanding that that landbanking would place in limbo for a significant period of time certain properties so that commitments weren't made, large scale investment wasn't committed to, so that accommodations could be made for the changes that would occur in the future. Now you have an interesting situation - and I might just point out - San Francisco the workforce - 64% minority - 64% minority been chased out of San Francisco and now are confronted with the probability that there will be less/job opportunity in San Francisco because of a speculative consclusion with respect to cargo movement here in the foreseeable future. We were not just chased to the exact opposite end of the southern waterfront but we are now faced with being chased out of San Francisco. Now I am not talking about the workers -the workforce - I am talking about the maritime shipping companies and all of the other support services that create a multiplication denominator that is greater than a than is maritime repair. We have never however, been caused to have conflict between maritime repair, merchant ship repair, military ship repair, and the movement or handling of offshore on incoming cargo. WE have neve had that problem, the line of demarcation has always been clear. It isn't the maritime operator, the ship owners, or the stevedoring companies or the longshore workforce looking in someone else's bailiwick, it is now someone else. looking at what has been forever a maritime commercial facility and saying "we want that" and we will accept the opportunistic speculation that cannot measure up to proof that says we won't need it and will claim our right to move in on a maritime commercial area. Now that's the hard nitt gritt of the issue. It isn't

American President Lines or someone else, Lykes Bros. saying, "Gee, Pier 54 looks good". It someone else as I put it, "eating out of our lunchbox, lunchbucket," and it is not right. And it represents reneging, it represents a betrayal of an agreement made between the offshore maritime interests, the onshore workforce that said we would landbank that southern waterfront property. That's what we said - that's what we agreed to. Now here we have an interesting little thing happen, first we have a lease entered into, tentative, subject to the Commission, and then after that we are asked to modify a program that was agreed to. I don't know how anyone would expect that I would sit here on behalf of employers, the Chamber of Commerce should understand that I can sometimes eloquently speak on their behalf, that they have some prospective needs, they haven't come here and said they have written that off. Now, for example, there is a huge cotton movement, that in my judgment is going to continue for some time. If you install fire sprinkler system in Pier 50 I have a feeling that your projection with respect to cargo would increase substantially. And Ithink there had been a offer made for some cotton that couldn't be accommodated at Pier 50 for some reason. I just wnat to make clear that if the maritime commerce interests are being told, "hey, the deal that was made,"and I don't mean to sound crass, "the agreement that was entered into is no longer true - then somebody better an swerthe question, why should there be a continuing commitment to the Port. If our people are told, who live here, and have lived here and look to and expect job opportunities in their traditional places of work, they are told " Hey we are just

taking one more of your slots out which means that much more travel to Oakland or Richmond, that's the way it's going to be then somebody answer the question,why the commitment the fight to preserve space for the unpredictable future and the futu at best is unpredictable. It is unpredictable with respect to the amount of tonnage , to the way the cargoes will be handled, and to the whole manner of things - I suggest that that was anticipated, precisely that was agreed to - a landbanking was entered into as an agreement. Everyone of those things was discussed - not a single thing was changed - the only changes in maritime repair facility looks., I guess, north, is that right? look north, they see Pier 50, and they say, hey that looks great - look at that big shed, we'll claim half of it, cause they ain't doing nothing with it. And that's true right now, And they ain't doing much with the half they got. 250 people being employed don't overwhelm me. It's going to be better. Well, I'm going to make the same argument. It's going to be a hell of alot better. But I want to argue for a preservation because if it gets better for us we got what we agreed to - and that is that facility. That's what we agreed to - and I have no interest in getting caught between any of the warring companies who want to compete for this that or the other thing. C'est la vie. I am going tofight for what we agreed to - and is a matter of record and no case has been made to in any case take away from. No case has been made for it Excepting a very very frail projection - the projection is equally frail - you got a few bucks you'll get in the meantime, true. But by agreement,
The maritime commercial interests made it possible for you to have the kind of mo / that . owed for that kind of investment

in potential maritime commercial entities. That was the meaning of the whole thing. And it is being reneged on. We are getting doubledealt. And I mean the maritime commercial interests are being doubledealt and I am not going to say it any different. And if that's okay,then so be it.

MORRISON: Mr. Pres., we have a motion before us. I had thought our record had been full - but if there are people that want to be heard and who have not been heard I am perfectly willing to hear them at another time. Any reasonable request by a Commisisoner for a continuance should be honored.

GARTLAND: I think we have this matter continued - I would argue against the continuance.
it.I think we have had a full hearing on this matter, starting with in fact well over a month ago. Icertainly would not be in favor of continuing it.

MORRISON: Well, perhaps Mr.

GARTLAND: I will bring it to a vote. It has been moved and seconded, if anyone else wishes to discuss the matter.

MORRISON: Mr. Pres., perhaps Commissioner Herman, can say with some specificity what would occur if we had another meeting?

HERMAN: I think the workers who are legitimately and had every right to be present here this morning - I met them outside - good bunch of blokes - I think workers who are employed in other facets of maritime work might want to be heard. Perhaps some of the stevedoring companies who have interest might want to draw a longer term picture of where they see things as far as cargo movement. I would like to evaluate the testimony. I don't know why the great hast to take another meeting's time to review it. To argue it, I don't think is harmful to anyone.

GARTLAND: I think we have had sufficient time. We have heard you,

We heard your position. I must say the specificity that you have mentioned in reference to the agreement of landbanking and the specific companies that you have identified or the particular parties that you may be identifying , I cantquite identify -I understand the landbanking and what we have done. I also would like to point out that this facility has been under-utilized at least for the last ten years and if those people who are not identifiable were willing to come in for the last ten years and were willing to make the same kind of offer to this Commission, I think it would have been utilized.

HERMAN: 96 is under-utilized, why don't they put a ship repair facility there. You have very little use of those facilities, 94 and 96.

GARTLAND: The motion is forcontinuance - all those infavor, signify by saying aye.

The motion carried by a vote of 3:2 (Coleman, Morrison, Herman) for (Gartland, Rudden) against.

GARTLAND: Alright, then the matter will be continued .

COLEMAN: The maximum is for two weeks continuance.

KARIKAS: Mr. Pres., I would like to summarize the executive session - matters discussed SWL 321 and the proposed lease with SFW- No action was taken.

GARTLAND: Is there a motion to adjourn?

RUDDEN: I move to adjourn, Mr. Pres.

GARTLAND: The motion was seconded by Comm. Morrison, the meeting is now adjourned.

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# SAN FRANCISCO PORT COMMISSION

## MINUTES

Meeting of:
June 8, 1983

Next Meeting:
June 22, 1983

The regular meeting of the San Francisco Port Commission was called to order by President Gartland at 10:07 a.m. The minutes of the meeting of May 25, 1983 were approved unanimously. President Gartland requested that the minutes of the meetings be prepared as a summary and not a verbatim transcript, unless specifically requested by a commissioner.

PRESENT: Eugene L. Gartland, President
Arthur H. Coleman, Vice President
James J. Rudden
Jack Morrison
James R. Herman

ABSENT: None

ALSO PRESENT: Edward L. David, Executive Director
Ronald Stone, Director, Maritime Affairs
Vello Kiisk, Chief Harbor Engineer
Matthew Ashe, Property Manager
Randall Rossi, Planning Coordinator
Angela Karikas, Deputy City Attorney

Executive Director's Report - Mr. David introduced two resolutions for the Commission's approval. The first pertained to a new company, Cruise America Line, Inc.'s, application to the U.S. Coast Guard for the redocumentation of two large, modern passenger vessels, the CUNARD PRINCESS and the CUNARD COUNTESS, to U.S. flag and its intent to homeport the CUNARD PRINCESS in San Francisco. The homeporting of this vessel would provide increased revenues to the Port and to the City and increased employment opportunities for Bay Area merchant seamen and local ship repair firms. The resolution would support the redocumentation of these two vessels and authorize the President of the Commission to testify before appropriate Congesssional committees in support of two companion bills to permit the entry of these vessels to the coastwise trade. Comm. Rudden moved approval, seconded by Comm. Coleman and thus passed unanimously.

Mr. David next requested approval of a resolution which would allow the acceptance of gifts at a value of less than $5,000.00 to be used for the purpose of mooring small boats at the Port of San Francisco. Comm. Coleman moved approval, seconded by Comm. Rudden and passed unanimously.

Mr. David requested item #6, pertaining to the public hearing and status report on the San Francisco Redevelopment Agency's Rincon Point-South Beach project, to be put over to later in the meeting until the arrival of Mr. Wilbur Hamilton, Executive Director of the Redevelopment Agency.

Mr. David further requested an executive session at the conclusion of regular business to discuss a matter of pending litigation. The regular agenda was then continued, commencing with item #4.

FINANCE & ADMINISTRATION:

Ms. Stephanie Cincotta presented the schematics for the Festa Italiana, previously approved by the Commission last February, to be conducted by the Fisherman's Wharf Port Tenants Association on October 7-10. She requested approval of a change in the traffic pattern in the Wharf area which would restrict traffic on the Embarcadero at Stockton St. through the foot of Taylor St. to service vehicles and buses, in order to accommodate the estimated daily average of about 50,000 people. Also, Jefferson St. between Hyde and Mason Sts. would be changed temporarily to a two-way street. Ms. Cincotta further requested approval to place a billboard announcing the event in the Fisherman's Wharf area.

Comm. Morrison suggested placing a time limit in the agreement as to how long the billboard could remain in the Wharf area; Ms. Cincotta suggested making the time limit from July through October 11. Comm. Morrison moved approval, seconded by Comm. Coleman and passed unanimously.

COMMERCIAL PROPERTY:

Mr. Ashe requested approval of Licenses and Leases Nos. 10695, 10699, 10700 and 10701. Comm. Morrison moved approval, seconded by Comm. Rudden; passed unanimously.

A public hearing for testimony relative to rental adjustments for month-to-month tenants, licensees, hold over tenancies and parking stall holders was heard next. Mr. Ashe requested approval of a resolution setting the rates and rent schedule as of August 1, 1983.

Public testimony followed:

David Sargent, representing Advanced Marine Systems at Pier 33, stated that he felt it was unfair to be charged office rates when all he has is a bare track on which he parks his railroad cars. He requested gradual increases that he could adjust to as opposed to gigantic increases.

Jerry Spalter, Pier 9 tenant, stated that it would be more reasonable to get percentage increases based on existing rents, rather than a flat fee per square foot, related to perhaps a cost of living index. He felt it was unfair to be placed in a more expensive category just because he made some improvements/conversions to his office.

Kevin Shimomoto, representing S. T. Freight Systems at Mission Rock near Pier 50, requested the Commission to consider increasing his rent from the current basis rather than automatically jumping up to 10% based on a CPI or something of that nature.

John Powers, a tenant at Pier 33 north bulkhead, stated it was inappropriate and unfair to increase the rents as proposed because it hurts the small business people who have helped improve the Port and stood by the Port when nobody else would; he felt the policy of raising the rents and giving no leases could potentially cripple small business financially. He requested the rent increase be a reasonable one and not so ridiculously high that it would force small businesses to move.

Phil Karubo, representing Christy Truck Lines, stated that the proposed increase would double his rent and force him out of business. He felt it was unfair since all he has is a flat piece of land, and he maintains everything whereas on the outside market maintenance is provided. He requested the Commission to reevaluate the entire property situation.

This concluded the public hearing. Pres. Gartland ordered the matter to be put over to the next meeting at which time the Commission would consider the resolution setting the rates and rent schedule.

Mr. Ashe requested approval of a resolution approving a lease with the City of San Francisco's Department of Public Works for the realignment of Broadway St. where it enters the Embarcadero. The purpose of this lease is to give the maintenance and control of the area to D.P.W. and relieve the Port of the burden of maintaining the streets and sidewalks in the area. There would be no rent involved; it would be over a 65 year program with an automatic one-year lease renewed annually. Comm. Morrison moved approval, seconded by Comm. Coleman, and passed unanimously.

Mr. David recommended continuing the agenda to items #9 and #10 since Mr. Wilbur Hamilton had not arrived as yet for item #6.

MARITIME:

Mr. Stone requested that items #9 and #10 be considered as one item; therefore, he requested approval of a modification to the Port's Maritime Strategy to permit use of Pier 50 for ship repair purposes, and approval of a lease with SFW Corp. to permit an expansion of their operations from their present location at Pier 54 to sheds B and D at Pier 50 for ship repair.

Public testimony was then heard (continued from last meeting) pertaining to the above matter:

Richard Kowally, Vice President and business agent for I.L.W.U. Local 34, stated that there are prospects for additional cargoes to come into Pier 50 which would provide additional jobs for the longshore division and teamsters on the San Francisco waterfront. He urged the Commission to adhere to the Maritime Strategy program they approved several years ago and felt it would be a mistake to deviate from it at this time.

Michael Lucas, representing Bethlehem Steel Shipyard workers, urged the Commission to change Pier 50 to ship repair. He stated that the Port eliminated competition in the Bay Area by having Todd Shipyards come over to Bethlehem Steel.

and that they need competition to keep the prices competitive with the other two major ship repair areas. If the Commission did not do this, Todd will come in and close the work down and as a result the ship repair workers left without jobs at Bethlehem Steel will have no other place to go.

Alan Pendleton, Deputy Director of San Francisco Bay Conservation and Development Commission, stated that the staff of the Commission believes this project raises very serious problems in consistency with the MTC/BCDC Seaport Plan. This site makes an ideal maritime terminal because of its deep water; it requires less fill than any other sites to provide for increased terminal capacity in the Bay and to use it for this kind of facility seriously jeopardizes a future maritime terminal at this location.

Public testimony was thus concluded.

Comm. Morrison inquired of Mr. Stone as to the exact wording he was requesting the Commission to consider pertaining to the modification to the Maritime Strategy. Mr. Stone replied that he wished to substitute the following words: "maritime activity to include container, breakbulk and ship repair activities".

Comm. Coleman moved approval of staff's recommendation to accept the change of the maritime policy wording as set forth in the Maritime Strategy on pages 1 and 2, Terms and Concepts; Comm. Rudden seconded the motion.

Comm. Herman and Comm. Morrison objected to not having the proposed language ahead of time to think about and study in advance of the meeting. Pres. Gartland thus requested Mr. Stone to repeat the recommendation. Mr. Stone replied: "Zone 6, Maritime Strategy, Part II, that the use of this zone, that the term breakbulk terminal for general cargo, Pier 50, be deleted and substitute maritime activities to include container, breakbulk cargo handling, and ship repair activities".

Comm. Herman stated that it was nonsense to suggest that on a single pier there could be a marine repair facility and then on the other half container accommodations; the traffic needs and patterns of a container terminal warrants that they must be mutually exclusive. He inquired of Mr. Stone as to how much new space will be needed for a container freight station in the event a favorable decision is handed down to the marine terminal industry as well as the Port. Mr. Stone replied that it was very difficult to tell; Comm. Herman stated this was exactly his point. Mr. Stone replied, however, that the Port has substantial surge capacity to handle increased CFS, and there are presently underutilized facilities which could be used in the event of relocation.

Comm. Morrison stated that it is the adopted policy of the Commission that the long-term use of Pier 50 shall be for container ship operations; therefore, in the Maritime Strategy we should be perfectly clear and say that ship repair is regarded by this Commission as an interim use, if we are going to be consistent with our policies. Comm. Morrison thus moved an amendment to the motion to add after the words ship repair activities "on an interim basis". Comm. Herman seconded the motion. Pres. Gartland asked for a roll call vote of the Commission on the amendment to the motion:

AYES: Commissioners Morrison, Herman

NOES: Commissioners Gartland, Rudden, Coleman

Pres. Gartland then asked for a roll call vote on the original motion.

AYES: Commissioners Gartland, Rudden, Coleman

NOES: Commissioners Morrison, Herman

The original motion was thus carried.

The next matter of discussion was the proposed five-year lease with SFW Corp. at Pier 50. Pres. Gartland requested a motion on the recommended resolution approving the lease; Comm. Rudden moved approval, seconded by Comm. Coleman.

Comm. Herman made a motion to adopt a substitute resolution in place of the original resolution; Comm. Morrison seconded. Mr. David read Comm. Herman's recommended substitute resolution for the record (a copy of which is attached).

Comm. Herman stated that his proposed resolution was a rational and reasonable approach to solving the problem of collisions; it provides for the development of a plan that clearly accommodates both objectives--marine terminal development as well as ship repair development.

Comm. Herman also requested that a letter the Commission received that day from Todd Shipyards Corp., which repudiates much of the testimony given by SFW Corp. at the last Commission meeting, be made a part of the record.

Comm. Herman requested the Commission to adopt his substitute resolution, seconded by Comm. Morrison. Pres. Gartland took a roll call vote:

AYES: Commissioners Herman, Morrison

NOES: Commissioners Rudden, Gartland, Coleman

The substitute resolution thus failed.

Comm. Rudden suggested that Comm. Herman's proposed resolution be kept as part of the record for future study.

Comm. Morrison then read a statement he had prepared to the Commission which incorporated his opinions and feelings on the matter (a copy of which is attached).

Comm. Coleman inquired of Mr. David as to when staff proposed to go out with the bond issue to capitalize improvements for containers at Pier 94-96 and Pier 80. Mr. David replied in early 1984 which means initially about $10 million and the remainder at a later date. Comm. Coleman stated that the Port must be financially solid so that when the bond issue goes out it will be successful and we can then expand our maritime industry, but if these bond issues fail then

all we have talked about for the future will just go down the drain; this is happening now and affects the immediate future, not 1988 or 1990. Because this is additional income, Comm. Coleman stated his support of the lease.

Comm. Herman requested that the letter from Todd Shipyards Corps. be read into the record; Pres. Gartland thus read the letter (a copy of which is attached).

Comm. Morrison requested that his statement be incorporated in full in the written minutes.

Comm. Coleman moved approval of the original resolution approving the lease with SFW Corp.; Comm. Rudden seconded the motion.

A roll call vote was then taken:

AYES: Commissioners Gartland, Rudden, Coleman

NOES: Commissioners Herman, Morrison

The original resolution was thus approved.

Comm. Herman advised the Commission that he reserves the right in his official capacity, independent of his Commission service, to fight and do everything that can be done to resist the implementation of this lease.

The matter of the public hearing and status report on the San Francisco Redevelopment Agency's Rincon Point-South Beach project and the Executive Session were put over to the next meeting.

There being no further business, the meeting was adjourned at 12:15 p.m.

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6/22/83

# SAN FRANCISCO PORT COMMISSION

Meeting of:
June 22, 1983

Minutes

Next Meeting:
July 13, 1983

The regular meeting of the San Francisco Port Commission was called to order at 10:05 A.M. by President Gartland. The minutes of the meeting of June 8, 1983 were approved by unanimous vote.

PRESENT: Eugene L. Gartland, President
Arthur H. Coleman, Vice President
James R. Herman, Member
Jack Morrison, Member
James J. Rudden, Member

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ABSENT: None

ALSO PRESENT: Edward L. David, Executive Director
Anthony J. Taormina, Director, Planning
Ronald Stone, Director, Maritime
Jack Conrad, Director, Finance
Angela Karikas, City Attorney

Executive Director's Report - Assembly Bill 1841, subordination bill, passed the State Assembly, and is scheduled for first hearing before Sen. Milton Marks' committee on local government one week from tomorrow, June 29. Mr. David stated he and Comm. Coleman will attend the hearing. Mr. David next reported the painting program for Piers 1 thru 45 has commenced and should be completed by mid-November.

Finance & Administration - Mr. Conrad requested approval of refunds and allowances in the amount of $63,222.45; it was so moved by Commissioner Morrison, seconded by Commissioner Coleman, passed unanimously.

Commissioner Coleman inquired how soon the Commission could expect a monthly financial report; Mr. Conrad responded the first report would come out mid-August.

Commercial Property - Mr. Ashe requested approval of license and lease nos. 10696-10702; it was so moved by Commissioner Morrison, seconded by Commissioner Coleman, passed unanimously.

Conclusion of public hearing on rental rate adjustments for tenants for month-to-month rentals and parking stall holders--public was invited to address the Commission in this matter.

Mr. Phil Carruba, Christy Truck Lines; Mr. Ephraim Hersch, E.G. Hersch; Mr. John Dawson, Westwinds Inc.; Mr. Frank Wasuta, Polaris; and Mr. Kevin Shimamoto, Shima Transfer Co., all spoke in protest against the proposed increase, expressing a general disinclination to continue tenancy under the new rates and citing genuine hardship in some instances in these recessionary times.

At the conclusion of public testimony, Mr. Ashe, Commercial Property Manager, responded in detail to certain of the charges, pointing out the validity of some and also indicating that discussion with the Port of Oakland elicits the information that it will also be increasing rent rates very shortly, since they too are lower than what should be charged.

Comm. Herman asked Mr. Ashe to justify such dramatic increases, and was informed that the Commission last year directed staff to survey the market and bring all tenants to the market rate within the year. It was staff's recommendation to adjust the rates in six month increments until such time as the market rate was attained. It was further recommended that benchmark classifications be established for the future so that individual tenants are categorized as commercial office space, truckers, commercial fishing, ship repair, etc. and reviewed annually in groups rather than individually.

Commission Morrison expressed a concern that there is an underlying policy decision whether or not we (Port) wish to be competitive in the field of rentals to truckers with the East Bay. This determination has yet to be made.

Following discussion, staff was directed to implement all rent increases as approved with the exception of ship repair, fishing, and trucking which three categories will be brought back for consideration in thirty days.

It was moved by Comm. Morrison to accept the recommendations of staff, [illegible] at 6mo.increments, seconded by Commissioner Coleman, passed unanimously.

Continuation of public hearing on Rincon Point-South Beach project - the proposed option and lease agreement with Redevelopment Agency. The public was invited to speak on this matter.

Mr. William A. Wertz, representing West Winds Inc., presented a copy of his letter dated June 1, 1983 to Pres. Gartland, and the accompanying exhibits, which are hereby made a part of this record. He then reiterated his organization's objection to proposed changes in tenancies from Piers 34 through 40 due to the South Beach Redevelopment Project.

Mr. Orlando Bassetti, of Service Engineering, supported the position of West Winds Inc. stating that although a competitor, they were good neighbors and would be reluctant to cause West Winds displacement.

Robert Katz, representing Telegraph Hill Dwellers Assn., reminded the Commission that the proposed development has been public knowledge for a good many years; that it was now time to take action. Katz also recalled the fact the Burton Act has been amended so that the Commission's charge to maximize revenue for the Port is tempered by the addition of maximizing for the "public interest". Mr.Morrison cautioned Mr. Katz to remember the Commission was also mandated to obey the Charter of the City and County which still requires that Port get maximum income.

Mr. Brian Fogarty, representing tenants at Pier 42, asked that the Agency be identified which would be responsible for payment of relocation benefits; it was his contention that Port would find itself held responsible for these payments if this were not clarified at the outset by virtue of the Relocation Assistance Act.

Pres. Gartland interjected the fact that Port has counsel and will look at its legal position and adopt whatever is appropriate and necessary as advised by counsel. Gartland indicated that although Fogarty's advice was appreciated it was not germane to the matter at hand.

Comm. Herman emphasized that "he did not appreciate Fogarty's insinuation to sue the Port". suggesting Fogarty approach the Redevelopment Agency himself, should he have a problem with the Agency.

Pres. Gartland opined that the Commission was not in a position to act as an insurer of Mr. Fogarty's rights with the Redevelopment Agency, but that Fogarty as an attorney was well aware of his rights and could act on his own behalf.

Mr. Frank Cannizarro, Project Director, responded to the issue of relocating Service Engineering by indicating discussions had been held with both companies, the bottom line being the proposal to West Winds would mean bringing Pier 34 up to a usable facility. The other issue of who paying for what is presently being negotiated by staff. Regarding Pier 42 issue, it in turn becomes a question of who is responsible for relocation.

Mr. Redmond Kernan, Deputy Director for the Redevelopment Agency, addressed the matter of Port responsibility, emphasizing the Redevelopment Agency will bear all costs of relocation under federal law. As to the consolidation of ship repair, this matter has yet to be worked out and he requested the Port keep an open mind and work with the Agency within the resources available.

Comm. Morrison asked the City Attorney to be ready to advise the Commission on any liability the Port might have under any of these terms and conditions. Ms. Karikas assented to this request. Public hearing was formally ended on this matter.

Maritime - Item 8 - The Commission was requested to approve a contract with Gleason Associates for maritime and marketing services in the amount of $190,760.00 Following discussion, it was moved by Commissioner Morrison seconded by Commissioner Rudden, passed unanimously.

Item 9 - Commission was asked to approve a resolution naming University of California at Davis student interns as employees for the purpose fo workmen's compensation - it was moved by Comm. Morrison, seconded by Comm. Herman, passed unanimously.

Item 10 - The Commission was requested to consider an application from Southwest Marine, Inc. to modify its lease at Pier 28 to include a portion of Pier 26. Discussion followed. Mr. Leonard Burger, Southwest Marine Inc., addressed the Commission in this matter. Staff was directed to bring back recommendation for the next meeting on this matter.

The Commission withdrew to executive session for purposes discussion pending litigation. There being no action taken. In the matter of a proposed agreement in lieu of litigation against Bay Corp. and Port by BCDC such agreement was approved as modified by City Attorney's office.

The meeting was formally ended at 12:23 p.m.

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7/13/83

# SAN FRANCISCO PORT COMMISSION

Meeting of:
July 13, 1983

Minutes

Next Meeting:
July 27, 1983

The regular meeting of the San Francisco Port Commission was called to order by President Gartland at 10:00 A.M. The minutes of the meeting of June 22, 1983 were approved unanimously.

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PRESENT: Eugene L. Gartland, President
Arthur H. Coleman, Vice President
James J. Rudden, Member
Jack Morrison, Member

ABSENT: James R. Herman, Member

ALSO PRESENT: Edward L. David, Executive Director
Anthony J. Taormina, Director, Planning
Ronald Stone, Director, Maritime
Jack Conrad, Director, Finance & Administration
Angela Karikas, City Attorney

Executive Director's Report - The Commission passed a resolution approving the submittal to the Board of Supervisors' of an application for EDA funds for construction of the breakwater at Fisherman's Wharf. Commission next authorized Mr. David to vote on all motions and resolutions at the American Association of Port Authorities convention in Seattle on September 11-16, by motion of Commissioner Morrison, seconded by Commissioner Rudden, passed unanimously.

Finance & Administration - Mr. Conrad requested approval of refunds and allowances in the amount of $237,757.03; it was moved by Comm. Coleman, seconded by Comm. Rudden, passed unanimously. Pres. Gartland stated at the next Commission meeting, there would be an executive session in which personnel matters, and internal commercial property matters.

Commercial Property - Mr. Ashe requested approval of lic. no. 10705 for a small business in the World Trade Center; it was moved by Comm. Morrison, seconded by Comm. Coleman, passed unanimously.

Motion was next made to approve a declaration of emergency in order to allow payment to Burns Security Company for services during the months December through February 1983. Said services were necessitated by an influx of crime in the area of the World Trade Center and Ferry Building. It was approved unanimously.

Under the Executive Director's report, a letter was read from the President of the Police Commission, Dr. David Sanchez, addressing the matter of resumption of off-sales beer and wine at Fisherman's Wharf. It was this Commission's suggestion to allow a six month trial period in which to determine any negative impact on the area from such sales. Discussion followed. There being no objection, it was the Commission's decision to allow the trial period. Comm. Morrison requested staff to provide regular progress reports during this trial period.

Pres. Gartland read a letter from Roundhouse Investors expressing thanks to the Commission for its support and particularly commending Stephanie Cincotta and Tony Taormina for their outstanding assistance.

Mr. Ashe requested the Commission to approve a sub-lease which would be brought back for full consideration at the next Commission meeting. Following discussion, it was the decision to extend assurance to the prospective tenant that no problems are anticipated and the matter put on the agenda for Commission review at the next meeting.

Engineering -

Commission was requested to approve a declaration of emergency to make repairs to the tugboat, Frank G. White; it was moved by Commissioner Rudden, seconded by Commissioner Morrison, passed unanimously.

The next item was a request to approve the award of two painting contracts to the following bidders: W.G. Thompson, Inc. and J.W. Sorenson for the total amount of $141,688 for painting of pier facades on the northern waterfront. Staff was asked to comment on the wide variation in bid amounts; it was the opinion the disparity was due to the difference each contractor anticipated in stucco repair work when bidding the contract. It was moved by Comm. Morrison, seconded by Comm. Coleman, assed unanimously.

Maritime -

Mr. Stone requested the Commission to consider the matter of modifyin Port's maritime strategy for Zone 4 to allow ship repair activities at Pier 26. Mr. Stone asked that the following language be substituted: "ship repair, cargo-handling, and other maritime uses for Pier 26". Commissioner Morrison inquired what use the remaining portion of Pier 26 would be put and what of the present tenants of those areas? Mr. Stone stated that Cargo Services, Inc. is already terminating its tenancy due to an increase in rent, although they will continue to occupy space at Piers 19 and 23. As to the issue of American Navigation, tenants in the southern portion of Pier 26, Port received written assurance from American Navigation of their willingness to be relocated. It is staff's recommenda to go forward subject to the resolution of the American Navigation issue.

It was moved by Commissioner Morrison to amend the maritime strategy for Zone 4 as stated, seconded by Comm. Rudden, passed unanimously.

The Commission was next requested to consider the application of Southwest Marine, Inc. to modify its lease at Pier 28 to include a portion of Pier 26.

The signficant details of the proposed lease amendment were presented by staff. Discussion followed pertinent to these matters. Commissioner Morrison asked if dredging would be necessary and was informed that only maintenance dredging to accommodate the drydock would be required, the costs of which would be borned by Southwest Marine. Commissioner Morrison asked Mr. Burger, attorney for Southwest Marine, to comment on the American Navigation matter. Mr. Burger replied that in regard to this matter, his client would not want to make lease authority subject to a third party being able to determine what arrangements are to be made between us and the Port, therefore he asked that some language be inserted into the agreement such as: "a reasonable resolution with American Navigation" or "approval subject to a reasonable ability to work out a sub-license with American Navigation".

Discussion followed relevant to Southwest Marine's financial investment in the facility; Mr. Carl Hansen, general manager, indicated it would be in the area of five to seven hundred thousand dollars.

Mr. Richard Grothen of Todd Shipyards spoke in objection to the Port increasing the number of drydocks in the port, maintaining that those already here are under-utilized. Mr. Grothen alluded to a problem which might be created due to the sandblasting aspects of Southwest's operation. Grothen contended that sandblasting and cargo-handling were incompatible.

Comm. Morrison requested the answer be on record on one point of Grothen's objections: that is, the effect on the marketability on Pier 30 32 of the sandblasting by Southwest Marine. Hanson, of Southwest, responded that all sandblasting is done under stringent requirements of the Environmental Protection Agency and should there be any problem, operations would be suspended until the situation were alleviated. It was recommended by staff and accepted by Southwest to include the following condition in the lease: "should a problem occur because of sandblasting operation occasioning an objection from any tenant at Pier 30-32, such objection would be evaluated by Executive Director, and such operation would cease for a given period of time".

Comm. Morrison moved to approve with the modification as suggested, stating briefly that he would make a distinction between this lease and that of SFW,Inc. at Pier 50. Morrison stated the Port has already made decisions that foreclose this area's development as a shipping center; therefore it would be all to the good to go ahead and develop it as a ship repair facility. Motion was seconded by Comm. Coleman, and the lease as amended, passed unanimously.

Mr. David stated this ended the regular agenda, and requested the Commission to withdraw into executive session to discuss a matter of litigation. The meeting adjourned at 10:55 a.m.

SAN FRANCISCO PORT COMMISSION

Meeting of:
July 27, 1983

Minutes

Next Meeting:
August 10, 1983

The regular meeting of the San Francisco Port Commission was called to order by President Gartland at 10:00 A.M. The minutes of the meeting of July 13, 1983 were unanimously approved.

PRESENT: Eugene L. Gartland, President
Arthur H. Coleman, Vice President
Jack Morrison, Member

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ABSENT: James J. Rudden, Member
James R. Herman, Member

ALSO PRESENT: Edward L. David, Executive Director
Anthony J. Taormina, Director, Planning
Ronald Stone, Director, Maritime
Jack Conrad, Director, Finance & Admin.

Executive Director's Report - Mr. David reported the San Francisco Marathon race was a success, attested to by the Williams Dimond Co., representatives of Princess Cruises, who were delighted with the affair. Pres. Gartland commended Counsel for her excellent showing in the event; Ms. Karikas said she was pleased to represent the Port on this occasion. Mr. David presented Ms. Margaret Torme, representing her client, Johnson & Higgins, Maritime Insurance Brokers, who is interested in providing a sculpture on the waterfront to commemorate the firm's one hundredth year serving the maritime industry. Ms. Torme stated that a bronze relief at the wall of the Promenade was one concept which was being explored, and also the possibility that a dedication to Eric Hoffer was being considered. Pres. Gartland thanked Ms. Torme on behalf of her client, suggesting she meet with a committee from the Friends of the Port for further discussion. Mr. Bob LaRocca from the Art Commission also presented photographs of some possible sites for the sculpture.

Finance & Administration - In accordance with a directive from the Commission adopted at its meeting of March 23, 1983, staff developed a training plan through which staff members can improve their skills in order to enhance their present performance or better prepare them for highteradvancement. Comm. Coleman praised staff's efforts and only questioned if there would be an evaluation process by which to measure the effectiveness of this training. He was assured there would be. It was moved by Commissioner Morrison, seconded by Commissioner Coleman, passed unanimously. Commissioner Coleman commented that there was at present an innovative program involving Port training for undeveloped countries which the Port of Oakland is involved. It was his thought that in the future, the Port of San Francisco might also become involved in such a program.

Mr. William Coblentz, representing JM Holding, requested the Commission to put over Item 8 - preparation of bid package for SWL Lot 328 --- until September 7, 1983. There being no objection, it was agreed to do so.

Commission was asked to approve a sublease at Pier 31 between Crent Company and the Pacific Paper Pulp Co. Discussion followed with regard to the percentage of excess rent which would accrue to the Port. It was explained that this had been negotiated at the time of the original lease with the Crent Company, due in part to extensive renovation being done by the Crent Company. Motion was made to approve by Commission Morrison, seconded by Commissioner Coleman, passed unanimously. Commissioner Morrison inquired if the Port had received a fifty dollar fee for this sublease which is specified in Port policy; Mr. Ashe indicated unawareness of this condition and stated he would be happy to comply with the Commission's wishes to collect this fee.

Commission was requested to approve an assignment of lease L-9797 Golden West Broadcasters Inc. to KSFO Inc. Discussion followed relevant to any possible adverse effect on Port's Master Plan for this area. It was the decision of the Commission to postpone approval of this assignment pending further discussion between staff and Golden West Broadcasters Inc. to require an amendment to the lease which would allow the Port to relocate this tenant should the need require it.

Pres. Gartland suggested in deference to the importance of Item 7 - proposed lease with Redevelopment Agency for the South Beach Project - that the matter be heard before the full board, and asked that this matter be postponed until such time as all the Commissioners are present. Commissioners Coleman and Morrrison concurred with this request; therefore this matter was calendared for the second meeting in August.

Item 9 - Mr. Ashe reported on rental policies of other ports relevant to rates for the trucking, ship repair and commercial fishing industries, stating that no information had been received to influence staff's recommending a lowering of rates for any particular category of industrial activity whether maritime or non-maritime. The Commission discussed whether an increase in rates would make us less competitive with the Port of Oakland. Following this discussion, it was the suggestion of President Gartland, to adopt the proposed fee schedule reserving the option to be competitive in exceptional situations. It was so moved by Comm. Morrison, seconded by Commissioner Coleman, passed unanimously.

Mr. Ashe next requested the Commission to authorize the Port Director to execute the Board of Supervisors' ordinance indicating approval of the Port Commission to surrender certain City streets and rights-of-way to the State for development of a public recreation area. It was moved by Commissioner Morrison, seconded by Commissioner Coleman, passed unanimously.

Commission reviewed and approved license and lease nos. 10706 through 10709 by motion of Commissioner Coleman, seconded by Commissioner Morrison, passed unanimously.

Planning and Engineering

Dr. Rossi made a brief presentation to the Commission, seeking approval and authorization of a work program for Pier 9-35 Total Design Plan, endorsement of sharing staff of three agencies (City Planning, Bay Conservation and Development Commission, and Port), and establishment of a Citizens Advisory Committee. Commissioner Coleman asked which agency would be responsible for paying the salaries of staffers on loan to us from the other agencies. Rossi indicated that this was still being finalized; it was suggested that an inter-departmental work order with City Planning could be initiated. Pres. Gartland suggested the Commission would be reluctant to pay another department for work which would customarily be accomplished by that department within its own work area. Staff inferred this was one method of ensuring a high priority to our project; also that Port is the implementing agency whereas the other two are approving bodies. Dr. Rossi stated this would come back to the Commission for more discussion and final authorization.

It was moved by Commissioner Coleman, seconded by Commissioner Morrison, to approve the scope of the work program for Pier9-35; passed unanimously.

The Executive Director asked the Commission to close the meeting in memory of a dedicated member of the Port staff, Barbara Harrison, who died on July 26, 1983. Pres. Gartland requested a moment's silence to her memory.

The Commission withdrew to executive session for discussion of personnel matters. The meeting formally adjourned following this session at 11:10 a.m.

SAN FRANCISCO PORT COMMISSION

Meeting of:
August 10, 1983

Minutes

Next Meeting:
August 24, 1983

The regular meeting of the San Francisco Port Commission was called to order by President Gartland at 10:00 A.M. The minutes of the meeting of July 27, 1983 were approved with one correction: After executive session, an emergency was declared for clean up of hazardous chemical wastes at SWL 349 near Pier 70 and payment of $10,000 to Chemical Waste Management, Inc. for this clean up was approved. Res. 83-84 was adopted in public session at that time.

PRESENT: Eugene L. Gartland, President
Arthur H. Coleman, Vice President
James R. Herman, Member
James J. Rudden, Member

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ABSENT: Jack Morrison, Member
Edward L. David, Executive Director

ALSO PRESENT: Anthony J. Taormina, Acting Exec. Director
Ronald Stone, Director, Maritime Affairs
Jack Conrad, Director, Finance & Administration
Angela Karikas, Deputy City Attorney

Pres. Gartland informed the Commission that Mr. David will be absent for a longer period of time than had been anticipated; in his absence, Mr. Taormina will serve as acting director.

Executive Director's Report - Mr. Taormina reported on the impending visit of U.S. Senator James Abdnor, Chairman of the Subcommittee on Water Resources to the Bay Area for hearings on water projects. Pres. Gartland has been asked to testify at the hearings on August 15. Mr. Taormina called on Ms. Cincotta to report on the proposed gift from Johnson & Higgins.

Ms. Cincotta informed the Commission of Johnson & Higgins' choice to locate the memorial sculpture in the open area between Pier 35 and 39. Pier 39's owner is amenable to this site being used for such purpose, and would reserve the right to participate in selection of the design, as well as disclaiming financial liability or future maintenance. Pres. Gartland inquired if Port would have the final determination as to what could be placed on its land; City Attorney suggested that although this matter has been raised before by other City departments, it has never been resolved. Pres. Gartland directed staff to advise the Art Commission that Port reserves the right to design review before final approval will be given.

Mr. Taormina read a notice from Santa Fe Railway dated August 8, 1983 to Mr. Edward L. David of its intention to close its China Basin Inter-Modal Yard in San Francisco as of September 1, 1983. Mr. Taormina indicated the seriousness of this action and stated he had contacted our I.C.C. practitioners, Silver, Rosen, Fischer & Stecher, and would keep the Commission informed on this matter since removal of the absorption rates could put San Francisco at a competitive disadvantage.

Mr. Stone, Maritime Affairs director, requested the Commission to pass a resolution appointing Mr. Charles Lam to represent the Port of San Francisco in its efforts to maintain and expand trade between the People's Republic of China/Hong Kong and San Francisco. It was explained this would be on a non-fee basis with the understanding that Mr. Lam could commit the Port only with the express written authorization of the Port Commission. It was moved by Commissioner Coleman, seconded by Commissioner Herman, approved unanimously.

The Commission was requested to put over Items 5., 6., and 8. until August 24, 1983, to which it agreed.

Item 4 - Commission was requested to approve refunds and allowances for the month of July in the amount of $177,109.03. It was moved by Commissioner Rudden, seconded by Commissioner Coleman, approved unanimously Commission queried Mr. Conrad when it could expect to receive a monthly report, and was assured that Aug. 24 was the date which had been set for the inception of a monthly report and it would be forthcoming at that time.

Item 7 - Commission was requested to approve license and lease nos. 10711/12/15/16/17 located at Pier 30-32 and World Trade Center; motion was made by Commissioner Rudden, seconded by Commissioner Coleman, passed unanimously.

Maritime - Item 10 - As a result of Board of Supervisors' action approving a lease between Port and SFW Inc., contingent upon the addition to the lease of Article 44 - Small Business Set-Asides, the Commission was asked to approve this additional amendment. Comm. Herman asked that the record reflect his strong exception to passage of the amendment, and indicated he would submit a position paper setting forth his reasons to the Commission within ten days. Mr. John E.Schulz, of Brobeck, Phleger and Harrison, representing Todd Shipyards, presented a statement to the Commission in opposition to this amendment. (Statement attached and made a part of these minutes.) Mr. Schulz also submitted for the record a copy of a Fed. Appellate Court decision called J.H. Retterrex vs. United States.

President asked for a motion to adopt this amendment; it was moved by Comm. Coleman, seconded by Comm. Rudden. Comm. Herman reiterated his strong opposition to this amendment, stating he would enumerate his arguments against it in writing. The final vote - three ayes, one nay, for adoption.

Comm. Herman inquired what proposition SFW Inc. intends to place before the Planning Commission as the next step in the process of achieving concurrence on this project. Pres. Gartland opined this was a question better answered by SFW Inc. than Port Commission. Herman suggested the presence of SFW in the audience could bring forth its response forthwith. Mr. Whitney Thornton acknowledged his firm was now in the process of preparing a permit application which would be submitted to the Planning Commission as well as BCDC. Commissioner Herman declared the I.L.W.U. (International Longshoremen and Warehousemen's Union) would most emphatically challenge a Negative Declaration in order to prevent SFW Inc.'s plans coming to fruition.

Item 11 - The Commission was requested to approve a contract with Nippon Maritime for limited agency representation in Japan. These services would provide monthly reporting on local shipping activities, carriers, etc., promotional activities on behalf of the Port, and coordination of marketing trips for Port staff. Discussion followed. It was so moved by Commissioner Rudden, seconded by Commissioner Coleman, passed unanimously.

Item 12 - Mr. Kiisk presented two modifications to the new Paceco crane contract for consideration. These modifications result in a reduction of the total contract price from $4,016,882 to $3,987,361. It was moved by Commissioner Rudden, seconded by Commissioner Coleman to approve said modifications; motion was unanimously approved.

The Commission withdrew to executive session; Commission declared an emergency due to the presence of hazardous chemical wastes at SWL 349 and approved a contract with Chemical Waste Management Co. for handling, transportation, treatment and disposal of such hazardous and non-hazardous waste materials from building no. 6, SWL 349. The contract is in an amount not to exceed $200,000.00. Motion to approve was unanimous.

There being no further business, Commission meeting was adjourned.

DECLARATION OF JOHN E. SCHULZ

I, John E. Schulz, declare as follows:

On August 4, 1983, I spoke by telephone with Mr. Dale Reddig, Regional Counsel of the Small Business Administrtion in San Francisco (556-7780). I summarized the SFW waiver in article 43 of the Pier 50 lease and the scenario set forth at page 4 of the Brobeck, Phleger & Harrison memorandum to the Board of Supervisors, viz:

> "[A]ssume that the USS MARS dry dock work remains unrestricted, following which repairs on two or three other ships are put out to bid and bid on in the same way (i.e., bids are submitted by SFW, Triple A and Todd). Before very long, Triple A will be able to argue conclusively to SupShip that all new dry dock work must be set aside under DAR 1-706.5(a)(1) since the actual bidding record demonstrates a "reasonable expectation" that there will be dry dock offers from two responsible small dry dock contractors--Triple A and SFW."

I asked Mr. Reddig whether, despite Article 43, SBA would ask the Navy to set aside dry dock work under such circumstances.

Mr. Reddig responded that if Triple A and SFW had been bidding on drydock work on several ships, the SBA would contact both of them before the next Invitation for Bids and ask whether they intended to bid on it. If they said yes, the SBA would, despite Article 43 of the lease, go to the Navy and insist that the dry dock work be set aside. Mr. Reddig added that it was standard SBA practice to contact potential bidders in this fashion.

Mr. Reddig stated, however, that before he would put the above in writing, he would have to check with his superiors, Mr. Silver and Ms. Castillo. Mr. Reddig and I agreed to talk again late the next morning, after he had spoken with them.

In the afternoon of August 4, a copy of the Brobeck, Phleger & Harrison memorandum was delivered to Mr. Reddig.

Around 11:30 a.m. of Friday, August 5, I visited Mr. Reddig at his office in the Federal Building, Room No. 15471. He told me that he had not yet met with Mr. Silver and Ms. Castillo, but that at least one factual argument against the scenario in the Brobeck, Phleger & Harrison memorandum had occurred to him. He did not wish to disclose this argument but admitted that it had to do with SFW not actually bidding for dry dock work. I pointed out that the whole reason for the Pier 50 lease is to enable SFW to get a dry dock so that it can bid on Navy dry dock work. Mr. Reddig acknowledged that this seemed true.

I also noted that the set-aside regulation requires not certainty that there be two bids but only a "reasonable expectation" that two or more bids will be received.

I asked Mr. Reddig whether Triple A might not even be able to sue the SBA under that standard to force dry dock set aside if SFW becomes a regular dry dock bidder

along with Triple A. Mr. Reddig said, "That's a very good question." He added that SBA may be upstairs again [before the Federal Court] as it was a couple of years ago when Triple A sued SBA as a large contractor.

Around 5:30 p.m., Mr. Reddig called me to announce that Ms. Castillo had decided not to write a letter. According to Mr. Reddig, she had concluded that the whole set-aside question was two speculative; that it was impossible to know who is going to bid.

I pointed out that what we had requested was an answer on the assumption that SFW, when queried by the SBA, responded that it would bid or might bid.

Mr. Reddig said that it was also possible that other small dry dock ship repairers might come into the Bay. I pointed out again that we sought only an opinion limited to the situation where Triple A and SFW were the only qualifying small dry dock contractors.

Mr. Reddig simply repeated that Ms. Castillo was not prepared to write a letter.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

DATED: August 10, 1983.

John E. Schulz

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8/24/83

# SAN FRANCISCO PORT COMMISSION

Meeting of:
August 24, 1983

Next Meeting:
September 14, 1983

The regular meeting of the San Francisco Port Commission was called to order by President Gartland at 10:05 A.M. The minutes of the meeting of Aug. 10, 1983 were approved unanimously.

Executive Director's Report - In Mr. David's absence, Mr. Taormina reported a request from the Fire Department to allocate the sum of $21,500 for salary for a relief pilot for the fireboat; Mr. Taormina recommended the passage of this request since it is a necessary expenditure. The Commission moved unanimously to approve Res. 83-91 authorizing this supplemental.

Commission was advised of the Planning Commission hearing scheduled for August 25, 1983 at which the Ferry Building EIR certification will be considered.

Mr. Taormina next informed the Commission that Fleet Week is scheduled for the week of October 13 with a full agenda of activities planned for this event. Mr. Stone indicated there will be thirteen ships in the parade, with seven berthed in San Francisco.

Finance & Administration - Item 4 Write-off policy - postponed for consideration at the meeting of September 14, 1983.

Commercial Property - Item 6 postponed until meeting of September 14, 1983.

Item 7 - Request to award professional services contract for security services - This matter was postponed for thirty days to allow the Commission sufficient time for review prior to authorizing staff to award.

Item 9 - Redevelopment Agency South Beach Project Area matter is to be continued until the meeting of October 26, 1983.

Item 10 - The matter of authorizing staff to prepare a bid package for Seawall Lot 328 to be continued until the meeting of September 14, 1983.

Returning to Finance and Administration, Mr. Kutnick addressed the Commission regarding the summary of revenues and expenditures form which was submitted to the Commission for review, explaining the revenue figures reflected only the first week of July. He further explained that for the future internal controls were being established so that a more accurate recording will be given each month without depending upon Controller's figures. Further discussion followed; Commission complimented staff on the production of the document and its timely delivery.

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Commercial Property -

Item 5 - Commission was requested to approve license and lease nos. 10714 through 10722; it was so moved and seconded, passed unanimously. Discussion followed with regard to Port leasing policy governing delinquent rent. Staff was instructed to submit current policy and submit for consideration possible changes to the policy.

Item 8 - Dr. Rossi presented a preliminary or working concept for Pier 7 as it is hoped to be built following formal review and securing of funding. This was an informational presentation with no action being asked of the Commission. Within the Total Design Plan, should Pier 3 be developed as office space, there must be compensating open space which is then Pier 7. Dr. Rossi emphasized the exploration of this concept as an opportunity for development of the entire waterfront. He further illustrated the proposed schematics indicating it will be an open design, with no permanent structures to impede the flow of recreational activities, have a maritime character and feel, with a wooden deck, and a minimum of landscaping to enhance the feeling of being part of the waterfront. An engineering analysis revealed comparable cost either to rehabilitate or build new. Funding sources available include Prop. "J" funds, Recreation and Park Department, and the developer of Pier 3. Ideally, Pier 7 could be a mitigation pool or project to which everyone contributes. The Wildlife Conservation Board has also indicated strong interest.

Following this presentation, Commission was asked to comment on the project so as to incorporate their ideas and suggestions. Commissioner Morrison inquired about the cost of the project; the estimate given was between 2.3 and 2.8 million dollars.

Commission was next asked to consider allowing temporary parking use of Pier 7 on a month-to-month license, with the condition that all funds derived from parking income would be applied to a "Pier 7Improvement Fund" which would pay for implementation of the new pier program under the Total Design Plan. It was moved by Commissioner Morrison, seconded by Commissioner Rudden, passed unanimously.

Item 11 - Discussion of this matter was deferred until the end of the calendar.

Item 12 - Commission was requested to approve a modification to Parsons-Brinckerhoff contract to the scope of work and reallocate a portion of funds. This was moved by Commissioner Morrison, seconded by Commissioner Rudden, passed unanimously.

Item 13 - Commission was requested to approve drydock contract No. 2511 in the amount of $265,357. This was moved by Commissioner Morrison, seconded by Commissioner Coleman, passed unanimously.

New Business - Commissioner Morrison requested time be reserved for a report on the film production study for the meeting of October 26, or November 16. It was so ordered by President Gartland.

The Commission withdrew into executive session for discussion of two matters: return of monies held in escrow in excess of $75,000 to Bay Corporation as part of settlement for completion of required public access and landscaping improvements, subject to approval of BCDC; and secondly, discussion of SWL 321, with no action taken.

Commission reconvened for discussion of Item 11 - modification to management agreement with Crescent Wharf & warehouse at Pier 94-96, in order to enable Port to offer direct use agreements to steamship lines thereby improving our competitive position with Port of Oakland, as well as other Bay area ports.

Commissioner Herman inquired whether staff was aware that Crescent was now owned by Seattle Stevedore which portends a fluid situation at this time. Discussion followed on the advantages of further accommodation in order to simply maintain status quo. Commissioner Herman offered his suggestion of creating a single port authority Bay area-wide which woul more effectively deal with Seattle or Los Angeles.

Commission was requested to approve the modification conditioned upon notification to Crescent whenever entering into negotiations for use agreement; it was so moved by Commissioner Morrison, seconded by Commissioner Herman, approved unanimously.

There being no further business, the meeting was adjourned at 12:20 p.m.

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# SAN FRANCISCO PORT COMMISSION

## SPECIAL MEETING

Minutes

September 8, 1983

The Special meeting of the Port Commission was called to order by President Gartland at 4:00 P.M. The following Commissioners were present:

Eugene L. Gartland
Arthur H. Coleman
James J. Rudden
Jack Morrison

Commissioner Herman was absent.

Also present: Anthony J. Taormina, Acting Executive Director
Ronald Stone, Director, Maritime Affairs
Connie Rutherford, Deputy City Attorney
Jack Conrad, Director, Finance & Administration

Pres. Gartland asked the Commission to consider and approve a resolution requesting Board of Supervisor members Molinari, Walker, and Renne to present cordial greetings from the Port Commission of San Francisco to senior officials from the Ministry of Communications, of the People's Republic of China, together with certain representatives of key trade agencies in China. It was so moved by Commissioner Rudden, seconded by Commissioner Morrison, approved unanimously.

The Commission next considered a three-fold amendment to the Crescent Wharf and Warehouse management agreement entailing the following:

1) page 3, sec. 2(a) restricting Crescent's responsibility if the facility were apportioned.
2) page 5, subsec.(f) the addition of the right to terminate the agreement. This is included to avoid potential liability by the Port in the unlikely event that Port terminate a use agreement.
3) page 5, subsec.(g) providing coordination between Port and management contractor to obtain use agreements, and for the assigning of area for steamship line use.

It was moved by Commissioner Morrison, seconded by Commissioner Coleman, approved unanimously.

There being no further business, the meeting was adjourned at 4:15p.m.

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# SAN FRANCISCO PORT COMMISSION

9/26/83

## MINUTES

Meeting of:
September 28, 1983

Next Meeting:
October 12, 1983

The San Francisco Port Commission met in regular session this date at 10:00 a.m.

PRESENT: Commissioner Coleman, Herman, Rudden

ABSENT: Commissioner Gartland, Morrison

Approval of the minutes for meetings of September 8, and August 24, 1983 was unanimous. Vice Pres. Coleman requested Mr. Taormina to give the Executive Director's report in Mr. David's absence. In response, the Commission was asked to approve the expenditure of $25,000 in contract costs to Greyhound Exposition Services for construction work for the upcoming "Festa Italiana" a joint community/Port event which will be held October 7-10. Res. 83-99 was passed by motion of Commissioner Herman, seconded by Commissioner Rudden, unanimous approval. Mr. Stone interjected that Fleet Week would also entail the use of these facilities at Pier 45 since this event would take place immediately following on Thursday October 13 with a parade of ships and the Blue Angels flying exercises.

Finance and Administration - Mr. Conrad presented a list of refunds and allowances in the amount of $259,732,and requested approval from the Commission. It was so moved by Commissioner Herman, seconded by Commissioner Rudden, passed unanimously.

Under this area, the Commission was also presented with the financial report for the month of August. Commission was then asked to approve a resolution setting the rate of contribution to Public Employees' Retirement System to conform to that rate determined by the State. It was approved by motion of Commissioner Rudden, seconded by Commissioner Herman, passed unanimously.

A presentation was given by Mr. Matt Ashe, Property Manager, of Property Control Maps depicting all Port properties under authorized occupancy. Mr. Ashe explained this effort as part of Commercial Property's 1983-1984 MBO program to verify all non-maritime occupancies with areas allocated under contractual agreement.

Commercial Property - License and lease nos. 10684/23/27 through 43 were submitted for review; discussion followed with a motion to approve by Commissioner Herman, seconded by Commissioner Rudden, passed unanimously.

Item 10 - Assignment of Lease L-9797 and License 10706-by KSFO to Golden West Broadcasters. This matter was presented to the Commission by Mr. Ashe, who stated that representatives from the lessee were present and wished to address the Commission. Messrs. Van Hoesen and Noel, representing Gene Autry, and the estate of his late wife, stated"the present lease says the Port will not withhold its consent unreasonably, and it is our position that it's a transfer from a radio holding company that is being restructured but is basically the same company, and therefore

it is unreasonable to withhold that consent." Discussion followed, and it was suggested that further meetings be held between Mr. Taormina, Ms. Karikas, and Mr. Noel and the matter be brought back to the Commission for further consideration. Mr. Herman indicated that he was not ready at this time to vote on the matter and would prefer to have it brought back for consideration by the full Commission.

Item 11 - Commission approval to prepare a bid package for Seawall Lot 328 for parking purposes. The acting Port Director explained at the request of Mr. William Coblentz he would like to put this matter over for two weeks but Mr. Ashe would briefly explain what the bid package would entail. Following the explanation, it was stated that this item would be calendared for the next Commission meeting in October.

Engineering -

Item 12 - Commission was asked to approve a resolution accepting all work as completed for painting of Starporter Container Crane, and authorizing final payment to the contractor in the amount of $5,256. It was so moved by Commissioner Rudden, seconded by Commissioner Herman, passed unanimously.

Maritime -

Commission was asked to approve the release of a request for proposals for the design and art direction of an annual report for the Port for the year 1983. Ms. Cincotta indicated that in accordance with Commission policy, bids would be solicited from a list developed with Human Rights Commission and be minority business enterprises and women business enterprises. Discussion followed with regard to the allocation of $25,000 for a limited run of 1,000-1500 copies. It was the suggestion of Acting Pres. that two separate proposals be requested of contractors,one of similar quality to the 1982 design, and the second, more in the scope of the 1981 annual report which had had such success. All Commissioners present agreed and staff was instructed to advertise accordingly.

Commission adjourned to executive session. Following this, the Commission reconvened and it was disclosed that Seawall Lot 321 was the the subject of the session, and no action was taken.

The meeting adjourned at 11:05 a.m.

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# SAN FRANCISCO PORT COMMISSION

## MINUTES

Meeting of:
October 12, 1983

Next Meeting:
October 26, 1983

The San Francisco Port Commission met in regular session on this date at 10:05 A.M.

PRESENT: Commissioner Coleman, Gartland
Herman, Rudden

ABSENT: Commissioner Morrison

Approval of the minutes of Commission meeting for September 28, 1983 was moved by Commissioner Coleman, seconded by Commissioner Herman, passed unanimously.

As Acting Port Director, Mr. Taormina reported the success of the first Festa Italiana held the week-end of October 7 at Pier 45 in Fisherman's Wharf, and announced the forthcoming Fleet Week activities beginning October 13-17. Staff was congratulated for its active participation in making both events successful.

A request from the Council of Churches for warehouse space for storage of food for the needy was reported by Mr. Taormina, who indicated that a site was currently being considered. Commission moved unanimously to direct Mr. Conrad to conclude negotiations for a license of the site.

a) Request from Cory Gallery to sublease to Bennett Sculpture, Inc.

Mr. Jerome Marks, attorney for Cory Galleries, requested Commission's permission to sublease the property currently under lease to his client. He reported meeting with staff and receiving a refusal from staff to sublease"based on Port Commission policy". Mr. Marks cited a provision in his client's lease specifically providing in paragraph 10 that written "consent (to a sublease) shall not be unreasonably withheld." It is Mr Marks request that the Commission consider his client's long-standing tenancy and rights in this matter and grant her permission to sublease.

Commission withdrew to executive session at 10:20 A.M. Ms. Karikas summarized the action taken as follows: Port Leasing policy will be changed following public hearing at the next regularly scheduled meeting of the Commission. The Commission conditionally approved the sublease of Cory Galleries, Inc. to Bennett Sculpture on this basis.

Finance and Administration

License and lease nos. 10747-49-50 were approved by motion of Commissione Rudden, seconded by Commissioner Herman, passed unanimously.

5. Request approval of Seawall Lot 328 - This item was continued over until the next regularly scheduled Commission meeting.

6. Request approval of assignment - KSFO Broadcasters Inc. - This matter is continued pending submission of new language by KSFO attorneys to City Attorney.

Engineering

7. Request approval to advertise for bids for upgrading of Port's backflow prevention system on water supply lines to piers and Port tenants. Staff explained the Water Department of the City is requiring the Port to undetake improvements on our water supply system to our piers and other tenants, and we must comply. President Gartland inquired how staff ensures the participation by minority businesses in projects such as these. Mr. Taormina stated that the procedures of the Human Rights Commission are adhered to and vendors and contractors listed as Minority Business Enterprises are solicited for their interest. At this time, Ms. Vicki Rathbone representing the Human Rights Commisison, was introduced to the Commission. Ms. Rathbone will be at the Port on a full-time basis for the coming year to assist us in compliance procedures.

Regarding the request from the Water Department, Commisioner Coleman inquired if the Chief Harbor Engineer Mr. Kiisk agreed with its findings and was answered in the affirmative. It was therefore moved by Commissio Coleman, seconded by Commissioner Rudden, passed unanimously.

Commissioner Herman requested the award of Order of Maritime Merit to Edward L. David in the rank of Commander in recognition of his unselfish dedication to the Port during his years as Port Director. This was passed unanimously. President Gartland ordered the meeting adjourned in memory of Mr. David's death on October 7, 1983.

Adjournment 10:45 A.M.

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SAN FRANCISCO PORT COMMISSION

MINUTES

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Special Meeting: October 18, 1983

The San Francisco Port Commission met in special session for the purpose of:

1) Election of Officers

2) Nomination of Port Director.

PRESENT: Commissioner Coleman, Herman, Morrison, Lau

ABSENT: Commissioner Gartland

Vice President Coleman, acting in behalf of President Gartland who was absent, announced the resignation of Pres. Gartland from the Commission, as of midnight October 17, 1983. Acting Pres. Coleman asked for nominations from the floor. Commissioner Herman responded by nominating Arthur Coleman for the office of president of the Commision; motion was seconded by Commissioner Rudden, unanimously carried. President Coleman accepted the position and stated he considered it to be both a privilege and a responsiblity to which he would devote himself willingly and unselfishly as had his predecessor, Eugene Gartland whose commitment and dedication to the Port would serve as a fitting examp

Nominations were then opened for Vice President; Commissioner Morrison nominated Commissioner James Rudden for the office, this was seconded by Commissioner Herman, carried unanimously. Commissioner Rudden accepted and indicated he too would be pleased to serve.

President Coleman next asked for nominations to fill the position of Executive Director of the Port, a vacancy created by the death of Edward L. David on October 7. The name of Eugene L. Gartland was put in nomination by Vice President Rudden, seconded by Commissioner Herman, approved unanimously to select Mr. Gartland as the Executive Director.

Commissioner Herman requested the Commission to adopt a pro forma resolution reflecting the attitude of the Commission with regard to the staff, in particular, one member of staff, which during a tumultuous period of time for the Port due to the grave illness of the Executive Director, acquitted themselves in a manner which is above reproach.

Commissioner Herman expressed the gratitude of the Commission to staff, and particularly to Anthony J. Taormina, as Acting Port Director, who so ably took the reins during Mr. David's illness, commended him for his devotion, and faithful service, and stated the Commission looked forward to many more years of close association with him.

Commissioner Herman next congratulated Eugene Gartland on behalf of the Commission,welcoming him to his new post as Executive Director and noted that he would assume this position at a time when the Port had turned a corner toward prosperity and harmony with the entire community in which we live. Commissioner Herman reiterated Pres. Coleman's words that the task was a great one and that the Commission had chosen an excellent man to accomplish it.

In closing, Commissioner Herman observed that Mr. Taormina as well as all members of staff who had earned this recognition could expect and look forward to many years of long-term job security with the Port.

Commissioner Morrison seconded the motion to adopt such a resolution, and this was passed unanimously.

Although the next matter was not on the agenda for the special meeting, Pres. Coleman requested a report from staff on the Continental Development rehabilitation of the Ferry Building, which it seems to be encountering some difficulty with the Planning Commission. Dr. Rossi reported two areas which were being re-examined and asked for the Commission's increased support with regard to this project.

Following this report, the newest member of the Port Commission was presented, Mr. Gordon Lau, who had been appointed that morning to serve the unexpired term of Mr. Gartland. Commissioner Lau was extended a firm welcome by all members present.

The meeting adjourned at 2:35 p.m.

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10/26/83

# SAN FRANCISCO PORT COMMISSION
## MINUTES

Meeting of:
October 26, 1983

Next Meeting:
November 30, 1983

The San Francisco Port Commission met in regular session on this date at 10:00 A.M.

PRESENT: President Coleman, Vice Pres. Rudden
Commissioner Lau, Morrison

ABSENT: Commissioner James Herman

The minutes of the last meeting were approved unanimously. President Coleman opened the meeting by expressing the hope and prayer that the leaders of our nation will join together and work to achieve peace. Commissioner Morrison requested that Item 13 be heard first on the agenda; it was so ordered and Mr. Stephen Memishian reported his firm's findings and conclusions pertinent to the feasibility of establishing film production facilities on the northeastern waterfront. A full report and appendixes presented to the Commission substantively concluded that a film center project is feasible and would be a unique and important addition to the maritime and non-maritime uses now in this area.

Commissioner Morrison moved to accept the film study and to refer it to staff for an implementation study and report to this Commission; and that Port staff give a preliminary report at the December meeting. Pres. Coleman suggested the substitution of the word "receive" for accept and asked for a second. Commissioner Rudden seconded the motion, and it was passed unanimously.

Finance and Administration

4. Commission unanimously approved refunds and allowances in the amount of $113,552.79 for the month of September.

5. Monthly revenue reports comprising the first quarter indicate a slight deviation due to the fact the Controller's office has yet to post the interest of $500,000 which when posted would put the revenue figure about 7.4 and give a surplus of about $3.8.

6. This matter was again put over pending receipt of information from KSFO Broadcasters.

7. Commission was requested to approve a resolution directing staff to advertise for bid the property known as Seawall Lot 328 for parking purposes. Discussion followed after a request from Mr. William Coblentz, representing J.M. Companies, to amend the bid package to reflect a lease term of 40 years instead of twenty. It was the Commission's decision to direct staff to prepare the modfication and to advertise the bid package.

8. Commission approved license and lease nos. 10751-10755 by unanimous vote. Mr. Conrad next request the Commission approve an assignment and amendment to lease between the Port and Sal & Dom's Inc.; it was moved by Commissioner Morrison, seconded by Commissioner Rudden, passed unanimously.

9. Commission was given an update on the proposals received to publish an annual report for 1983. Ms. Cincotta stated that she had received nine responses from the minority and women business enterprises solicited, all of which have been reviewed by staff. The three remaining finalists are capable of producing a full, four-color report at the larger run within the budgeted price of $25,000. Commission was requested to authorize the Director to make the final selection, and it was so ordered.

10. Commission was requested to approve the use of Pier 45 for a special Christmas program for children on December 15, 1983. Ms. Davis noted the musical program will consist of a performance of San Francisco Boys' Chorus, a Christmas Circus, and the United States Navy Band. Ms. Davis also requested permission to utilize the Port maintenance and engineering departments to assist in the set-up and striking of equipment. It was moved by Commissioner Morrison, seconded by Commissioner Rudden, passed unanimously.

Engineering

11. Commission was requested to include the overhaul and drydocking of the fireboat "Phoenix" in the contract with Anderson & Cristofani which was approved earlier this year. The modification would be in the amount of $28,88. It was so moved by Commissioner Rudden, seconded by Commissioner Lau, passed unanimously.

12. Commission's approval was sought for modification #3 for the Paceco Crane Contract which is in the final stages of erection and should be completed in another ten days. Following discussion, it was moved by Commissioner Morrison, seconded by Commissioner Rudden, and passed unanimously.

Legal

14. Ms. Karikas, Deputy City Attorney, asked the President to declare a public hearing for discussion on deletion of certain language from the Port's leasing policy. It was so ordered. Following a brief explanation of the circumstances which brought about the request for change, Commission was asked to approve Resolution No. 83-104 which deletes certain language and substitutes the following:

"3. Port's staff will inform all proposed prospective tenants that all requests for subleases be approved or disapproved by the Port Commission on the merits of the transaction."

President Coleman asked for testimony from the public on this proposed change; there being none, it was moved by Commissioner Rudden, seconded by Commissioner Morrison, passed unanimously to approve this change.

New Business

Commissioner Morrison indicated he had received a letter from Barney Gould regarding his project, the showboat San Francisco which he desired to refer to staff for a report on this matter.

Pres. Coleman stated he had received a letter from the Mayor with regard to a Board of Supervisors' resolution on Pier 39's subleasing policy. Coleman asked that a meeting be arranged between the owners of Pier 39 and himself and counsel to discuss this matter. Ms. Karikas was requested by Commissioner Morrison to state in writing what the Commission is limited to in this issue.

The Commission withdrew into executive session at 11:00 a.m.

Matters discussed at the executive session were FMC Docket No. 83-48, Alaska Maritime Agencies v. Port of Anacortes, and potential litigation involving San Francisco Eye Institute, a Port tenant. No action was taken.

The meeting adjourned at 11:22 a.m. following an announcement by the President that the next regular meeting of the Commission would be November 30, 1983 at 10:00 a.m.

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# SAN FRANCISCO PORT COMMISSION
## MINUTES

Meeting of:
November 30, 1983

Next Meeting:
December 14, 1983

The San Francisco Port Commission met in regular session on this date at 10:00 a.m.

PRESENT: Pres. Coleman, Vice Pres. Rudden, Commissioner Lau, Morrison, Herman

ABSENT: None

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Also Present: Eugene L. Gartland, Executive Director
Anthony J. Taormina, Director, Planning
Ronald Stone, Director, Maritime

As the first order of business, the minutes of the meeting of October 26, 1983 were unanimously approved.

Executive Director's Report - Mr. Gartland spoke of the possibility of moving the Executive Office to the third floor and combining all the Port offices into one area - the space suggested is the area currently occupied by California Canners and Growers who are in bankruptcy proceedings. Discussion followed by the Commission with the concensus being one of approval for this proposed move.

Mr. Gartland next reported the passage of the Appropriations bill providing the funding for Fisherman's Wharf breakwater through the joint efforts of both Congresswoman Sala Burton and Senator Pete Wilson. He explained the source of the funding as not being clearly defined and stated the Army Corps of Engineers is moving ahead expeditiously at this time on its plans.

Mr. Gartland cited the traffic problem at Pier 35 and some solutions which are being explored regarding expediting customs procedures at 35. Staff will bring a proposal back to the Commission in the near future concerning these matters.

Mrs. Vickie Rathbone, a representative of the Human Rights Commission, was introduced to the Commission. Mrs. Rathbone will present a policy for Commission consideration with reference to leasing procedures insofar as minority businesses are affected. This will be considered at the first meeting of January.

Finance & Administration -

4. Commission was requested to approve refunds and allowances in the amount of $2,196,542.91 with the explanation that 85% of this figure was the result of various bankruptcy actions, i.e., Pacific Far East Lines, etc. Mr. Conrad stated the Port has been awarded one million fifty thousand of which we can expect 50-75% of that amount.It was moved by Commissioner Morrison,seconded by Commissioner Rudden, approved unanimously.

Commissioner Morrison indicated his dissatisfaction with the number of errors made in accounting reporting; discussion followed in this regard. Mr. Conrad agreed that he would not be happy until the reporting was errorless. Commissioner Morrison next inquired about a quarterly report on expenditures, and was informed by Mr. Conrad that he would seek such a detailed report from Controller's office. He will report his success at the next Commission meeting.

6. Commission was asked to approve an assignment of lease to KSFO Broadcasters reflecting a corporate restructuring. Following discussion it was moved by Commissioner Morrison, seconded by Commissioner Herman and passed unanimously to approve this assignment.

Mr. Gartland reported on a proposed site for a heliport located on two acres at Pier 70 (presently leased to Fred F. Noonan & Co.) to be operated by Air Exec Inc. , explaining that originally a site at Pier 48 had been approved but upon further investigation it was determined infeasible due to the noise factor. Mr. Jay Watson, of Air Exec., who will come before the Commission to seek a lease for the new site, stated his company is an air taxi charter service interested in developing a heliport to serve the Bay Area and especially the San Francisco business community. Commissioner Herman inquired about accommodating Mr. Noonan with additional space to compensate for his giving up the Pier 70 location; he will be offered a site immediately to the north of his property line, as well as other available locations. Mr. Sidney Rudy, representing Air Exec, responded to queries from the Commission as to the proposed lease which will be brought to the Commission at its December meeting. Further discussion followed regarding the impact of noise on the surrounding area, and the administrative permit powers of the various agencies.

7. Mr. Conrad asked Commission to approve a bid package for Seawall Lot 328; it was so moved by Commissioner Morrison, seconded by Commissioner Lau, approved unanimously.

8. Commission was asked to approve Lic.&Lease Nos. 10747 and 10756-10764, located at Pier 33, Pier 26N, Pier 80, and Ferry Building. Discussion followed, it was then moved by Commissioner Morrison, seconded by Commissioner Rudden, passed unanimously.

As an informational item, Mr. Don Maskell of Maskell Marine Inc. presented a proposal to the Commission regarding the property at Fisherman's Wharf which he leases from the Port. Mr. Maskell indicated the location is at the foot of Hyde Street, next door to the South End Rowing Club, and is presently a two-story building which he proposes to enlarge to a three-story one with the third floor being set back. Staff will keep the Commission apprised as the permit process is accomplished.

Legal -

9. This matter was taken off calendar at the request of the Deputy City Attorney, and will be brought back at the next meeting pending fee negotiation. Mr. Gartland indicated the complexity of the matter which necessitated the original request and assured the Commission of moving forward expeditiously so as not to delay the Continental Development Ferry Building parking solution being resolved.

Maritime -

10. Commission was presented with a Use Agreement with National Galleon Shipping Corporation for review and approval. Under this agreement, National Galleon has committed to remain in San Francisco for five years, in exchange for a reduction of Port tariff charges amounting to 40 percent of dockage, wharfage, demurrage, and storage. It was so moved by Commissioner Rudden, seconded by Commissioner Herman, passed unanimously to direct the Port Director to execute said agreement and further to file said agreement with the Federal Maritime Commission.

    President Coleman extolled the efforts of Mr. Ron Stone in the negotiation and realisation of this agreement with the Galleon Corporation.

    Commissioner Morrison stated his objection, as he has previously, to the necessity of submitting all agreements, and especially a maritime one, to the Board of Supervisors. Deputy Attorney Karikas agreed to broach the matter to the City Attorney as directed by the Commission. Commissioner Herman cautioned a more prudent attitude since it appeared that it was important to move expeditiously on this particular lease, that the lease not become hostage to what could be an elaborate contest.

    It was the decision of the Commission to appeal the matter of submitting maritime leases as an independent issue.

Engineering -

11. Commission considered and approved the award of a contract for San Francisco Waterfront Hydrographic Survey to Towill, Inc. for the lump sum price of $53,800.00, by unanimous vote, moved by Commissioner Morrison, seconded by Commissioner Herman.

12. Commission next considered and approved a modification to a contract with W.G. Thompson Inc. for Pier 1-5, Piers 19 & 23, etc., by unanimous vote, moved by Commissioner Herman, seconded by Commissioner Morrison.

13. Presentation of Pier 80 modernization concept.

Mr. Gartland presented the Pier 80 plan to the Commission stating it is designed to increase the Port's capacity to handle containerized cargo by removal of three sheds from the pier and opening up landside space for stacking containers. Mr. Gartland indicated that shed removal, utility upgrading and pier repaving and leveling would cost an estimated $18 million. He also indicated the port would have to purchase three cranes at a cost of $4.5 to $5 million a piece in order to make the pier functional for expanded containerized-cargo operations. Discussion followed, with Chief Harbor Engineer Kiisk responding to queries from the Commission, particularly regarding the facility being a transtainer or combination one. The Pier 80 modernization was presented for information purposes only and will be brought before the Commission again as a formal motion at a future meeting. Commissioner Morrison also inquired as to the throughput of Pier 80 at the present time and it was stated to be from 250-300,000 tons a year. Concern was also expressed about excluding the carriers which are now being served. Concluding this discussion, staff was directed to reevaluate the container storage capability as well as solve the traffic problem of egress and ingress. The time factor for this project was next discussed and it was estimated that it would be somewhere between one year and 18 months for the regulatory process, and an additional 18 months for design and engineering. It was suggested that priority be given to making 80 a first-class facility then moving onto improving 94-96. Since this is a policy decision, staff's recommendation will be reviewed and the Commission will evaluate any policy changes.

There being no further business, it was unanimously agreed to adjourn at 11:50 a.m.

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# SAN FRANCISCO PORT COMMISSION

## MINUTES

Meeting of:
December 14, 1983

Next Meeting:
January 11, 1984

The San Francisco Port Commission met in regular session on this date at 10:05 a.m.

PRESENT: Pres. Coleman, Vice Pres. Rudden, Commissioners Morrison and Lau

ABSENT: Commissioner Herman

ALSO PRESENT: Eugene L. Gartland, Executive Director
Ronald Stone, Director, Maritime Affairs
Jack Conrad, Director, Finance & Administration
Vello Kiisk, Chief Engineer
Angela Karikas, Deputy City Attorney
Randy Rossi, Environmental Coordinator

As the first order of business, the minutes of the meeting of November 30, 1983 were unanimously approved.

Executive Director's Report - Mr. Gartland presented a schedule of Port Commission meetings for calendar year 1984.

Mr. Gartland reported that he has entered into an agreement with Triumph Marketing, consultants, to do a proposal for a plan for the Port's railroad problems. This study will be based on an hourly rate of $45 and was occasioned by the merger of Santa Fe and Southern Pacific.

He then requested two matters on the calendar to be continued to the next meeting -- final payment for PACECO crane and Air Exec lease/amendment to Fred F. Noonan operating agreement.

Mr. Gartland next reported that the Port has received a request from the Recreation and Park Dept. to supply them with some pilings to protect two buildings located in Aquatic Park which are owned by the City and occupied by the rowing clubs and are in danger of being damaged. He has therefore directed the maintenance department to provide Rec & Park with some short pilings that the Port has available.

He then asked Pres. Coleman to discuss the SPUR meeting which they both attended. Pres. Coleman reported that he and Mr. Gartland met with representatives of SPUR who are very interested in what is happening on the waterfront. Mr. Gartland took them on a tour from Fisherman's Wharf down to Pier 94-96; they were impressed with what the Port is attempting to do and seem willing to offer their support.

Mr. Gartland further reported that he received a communication from the Board of Supervisors concerning the Port's plans for Pier 45 and will send a reply today, advising them that in January the Port anticipates sending out a Request for Pro-

posals for the development of Pier 45.

He also met with Mr. Louis Hop Lee of the Civil Service Commission and a representative of Chinese for Affirmative Action pertaining to a problem at the Port and worked out a compromise concerning their objections.

Further, in January of 1984, a new agency, Urban Waterfront Renewal Lending Agency, will be created; this agency will have $660 million available for loans for urban waterfront renewal projects which will be coordinated through the Coastal Conservancy. The Port will line up a group of projects for their consideration.

Pres. Coleman then read for the record a letter of commendation that he wrote to Mr. Gartland regarding Ron Stone for the manner in which he conducted himself, on behalf of the Port, during their recent trip to the Far East; Pres. Coleman requested that this letter be included in Mr. Stone's personnel file.

Finance & Administration - Mr. Conrad requested approval of Refunds and Allowances for November in the amount of $35,977.17; Comm. Lau moved approval, seconded by Comm. Morrison and was unanimously approved.

Mr. Conrad next requested approval of Licenses and Leases Nos. 10765-10769; Comm. Lau moved approval, seconded by Comm. Morrison and was unanimously approved.

Mr. Conrad requested approval of the terms for a proposed sublease at 400 Jefferson St. Comm. Morrison and Comm. Lau questioned some of the terms of the sublease; Comm. Morrison thus proposed that this matter be continued to the next meeting for further investigation. Comm. Lau seconded the motion and was unanimously approved. Pres. Coleman then requested staff to prepare a memo to the Commission explaining the legal aspects of the sublease.

Mr. Conrad requested approval of a personal services contract with Thomas J. Ferrando for training of staff and documentation of EDP systems in the amount of $15,000. Comm. Morrison moved approval, seconded by Comm. Lau and was unanimously approved.

Mr. Conrad requested approval for authorization to seek consultant assistance in preparing a Request for Proposals for Pier 45 and the Hyde Street Pier development. Comm. Morrison inquired as to why there was no work program for the consultant. Mr. Conrad responded that the consultant would be hired to assist staff in preparing a bid package since we lack this expertise on our staff. After further discussion, Comm. Morrison moved approval, seconded by Comm. Lau and was unanimously approved.

Mr. Conrad requested approval of authorization to lease/purchase a Sequel computer thereby upgrading the Port's present computer from Reality to Sequel in order to make the Port more efficient in its day-to-day operations. Comm. Morrison moved approval, seconded by Comm. Rudden and was unanimously approved.

Mr. Conrad requested approval of a lease assignment to Southwest Marine and an agreement affirming rights of lender and lessor. Comm. Morrison moved approval, seconded by Comm. Lau and was unanimously approved.

Mr. Conrad next requested approval of a contract with Deloitte, Haskins & Sells to analyze and resolve the Port's continuing cash match problems with the Controller's FAMIS system. Comm. Rudden moved approval, seconded by Comm. Lau, and was unanimously approved.

Engineering - Mr. Kiisk requested approval to make emergency repairs to the fireboat "Phoenix" in an amount not to exceed $15,000; this is due to the fact that it has been operating on only one of its two engines for more than two months. Comm. Lau moved approval, seconded by Comm. Morrison and was unanimously approved.

Mr. Kiisk next requested approval to advertise for bids for the removal of Shed B at Pier 80; this request came from Lykes Brothers Steamship Co. so that they would be able to accommodate their newly acquired container ships scheduled to start service during mid 1984. Comm. Morrison moved approval, seconded by Comm. Rudden and was unanimously approved.

There being no further business, the meeting was adjourned at 11:00 a.m.

The Commission then went into Executive Session.

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